DOMINION OF CANADA

OFFICIAL REPORT

OF

DEBATES

HOUSE OF COMMONS

FIRST SESSION—TWENTY-FIRST PARLIAMENT

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(SECOND SESSION)

COMPRISING THE PERIOD FROM THE TWENTY-THIRD DAY OF NOVEMBER, 1949,
TO THE TENTH DAY OF DECEMBER, 1949, INCLUSIVE

BEING

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OTTAWA
EDMOND CLOUTIER, C.M.G., B.A., L.PH.,
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
CONTROLLER OF STATIONERY
1950

HOUSE OF COMMONS

Wednesday, November 23, 1949

The house met at eleven o'clock.

PIPE LINES BILLS

REFERENCE TO REPORT IN OTTAWA "CITIZEN" OF NOVEMBER 23

Mr. Solon E. Low (Peace River): Mr. Speaker, I rise on question of privilege. I hold in my hand a copy of the Ottawa *Citizen*, dated November 23. On the front page, under the heading "Gas pipe lines bills again 'talked out' ", appears this statement written by John Bird:

> After almost every Alberta and British Columbia member had spoken, up rose Bob Mayhew, Minister of Fisheries by title, but a British Columbia member above all else.

I just want to correct the reporter's statement. There were ten members from Alberta who said nothing in the whole of the three hours' debate, and they took that position advisedly because they did not want to be blamed for talking out these private bills, or any such imputation made in respect to them. The Social Credit members in the house feel that these bills should be brought to a vote.

Mr. Speaker: Order.

COMBINES INVESTIGATION ACT

TABLING OF DOCUMENTS

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I beg leave to table the documents to which I made reference in my remarks yesterday afternoon in the debate on the proposed amendments to the Combines Investigation Act.

STANDING COMMITTEES

AGRICULTURE AND COLONIZATION—FIRST AND SECOND REPORTS—CONCURRENCE IN FIRST REPORT

Mr. A. J. Bater (The Battlefords) presented the first and second reports of the standing committee on agriculture and colonization, and moved that the first report be concurred in.

Motion agreed to.

BANKING AND COMMERCE—CHANGES IN PERSONNEL

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

> That the name of Mr. Macdonnell (Greenwood) be substituted for that of Mr. Rowe on the standing committee on banking and commerce.

That the name of Mr. Riley be substituted for that of Mr. Leger on the standing committee on banking and commerce.

Motion agreed to.

TRANS-CANADA HIGHWAY

CORRESPONDENCE WITH PROVINCES AS TO CHOICE OF ROUTE

Hon. Robert H. Winters (Minister of Reconstruction and Supply): Mr. Speaker, in accordance with the undertaking given to the house on Monday evening, as reported at page 2040 of *Hansard*, I beg leave to table further correspondence with certain provinces with respect to the trans-Canada highway.

Mr. Black (Cumberland): May I ask the minister whether the correspondence with the province of Nova Scotia is being brought down?

Mr. Winters: The province of Nova Scotia has not given permission to table the correspondence. In accordance with the undertaking given by my colleague, the Minister of Public Works (Mr. Fournier) yesterday, I have communicated again with the appropriate minister in Nova Scotia, asking if his views are as previously stated.

Mr. Black (Cumberland): Has the minister a reply to his inquiry?

Some hon. Members: Order.

Mr. Black (Cumberland): Mr. Speaker—

Mr. Speaker: Under this heading these matters are not debatable.

[*Later:*]

On the orders of the day:

Mr. P. C. Black (Cumberland): Has the minister had a reply to his latest letter to Nova Scotia concerning the trans-Canada highway? If so, what was that reply, and is the province going to agree to have the correspondence laid on the table of the house?

Hon. Robert H. Winters (Minister of Reconstruction and Supply): I have not yet had a reply.

Mr. Green: Has the minister sent a similar letter to Manitoba and British Columbia? I understand those were the other two provinces which would not agree to the tabling of the correspondence.

Mr. Winters: Yes, I have.

Questions

CRIMINAL CODE

AMENDMENT TO ENSURE EMPLOYMENT WITHOUT DISCRIMINATION AS TO ETHNIC ORIGIN OR RELIGIOUS CREED

On the order for introduction of bills:

Mr. Alistair Stewart (Winnipeg North) moved for leave to introduce Bill No. 199, to amend the Criminal Code (discrimination).

Some hon. Members: Explain.

Mr. Stewart (Winnipeg North): The purpose of this amendment is to secure for every Canadian the equal right to work without being discriminated against because of his or her ethnic origin or religious creed. By defending this right, parliament will give legal sanction to certain sections of the universal declaration of human rights, for which the Canadian delegation voted at the general assembly of the United Nations.

Motion agreed to and bill read the first time.

SURPLUS CROWN ASSETS ACT

AMENDMENT TO PROVIDE FOR DISPOSAL OF SURPLUS CROWN ASSETS BY CROWN ASSETS DISPOSAL CORPORATION

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the first reading of Bill No. 195 (from the Senate) to amend the Surplus Crown Assets Act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 196, for the relief of Arthur Colpron.—Mr. Winkler.

Bill No. 197, for the relief of Berengere Pare Fuller.—Mr. Winkler.

Bill No. 198, for the relief of Enid Dorothy MacRae Gauley.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN NATIONAL RAILWAYS—REPRESENTATION OF WESTERN CANADA ON BOARD OF DIRECTORS

Mr. Knowles:

1. Has consideration been given by the government since the appointment of Mr. William Parker to replace Mr. E. J. Young, or since October 26, 1949 to representations from the Winnipeg chamber of commerce asking that western Canada be given increased and equitable representation on the board of directors of the Canadian National Railways?
2. If so, what is the result of such consideration?

Mr. Winters:

1. Since the appointment of Mr. William Parker, no further consideration has been given by the government to the request of the Winnipeg chamber of commerce for increased representation for western Canada on the board of directors of the Canadian National Railway Company, as the Canadian National-Canadian Pacific Act, 1936, provides that the board of directors of the Canadian National Railway Company shall consist of seven directors, and it is not the intention of the government to amend this act at the present time.

2. See answer to No. 1.

DEPARTMENT OF FISHERIES—OCEANOGRAPHY

Mr. Isnor:

1. Has the Department of Fisheries a branch dealing with oceanography?
2. If so (a) where is it located; (b) what is the name of the person in charge; (c) how many persons are employed in this work?
3. Have any members of the branch done work on the Atlantic coast? If so, at what places?
4. Has work been carried out on the Pacific coast? If so, at what places?
5. Have exploration surveys been carried out in the Arctic? If so, of what nature?
6. Is it planned in the near future to expand the oceanographic operations of the east (Atlantic) and west (Pacific) coasts?

Mr. MacNaught:

1. The fisheries research board, as the scientific arm of the Department of Fisheries, has carried out investigations in the field of oceanography, both on the Atlantic and the Pacific coasts, for many years, particularly in connection with the studies of the biological aspects of oceanography.

During the late war the oceanographers of the board worked closely with the Royal Canadian Navy and the national research council in the field of physical-chemical oceanography. From this work the Canadian joint committee consists of representatives of the Royal Canadian Navy, the national research council and the fisheries research board, and the hydrographic and meteorological services co-operate in the work of the committee.

2. (a) The function of the joint committee is the further co-operative oceanographic research in Canada, to define policy and to direct the work of the two oceanographic groups. The Atlantic group is located at the Atlantic biological station, St. Andrews, N.B. The Pacific group is located at the Pacific biological station, Nanaimo, B.C.

(b) Mr. H. B. Hachey, chief oceanographer, St. Andrews, N.B.

(c) Four persons in the Atlantic group and six in the Pacific group, as on November 15, 1949.

3. Yes. The Atlantic group, following the planned program of the joint committee and with the assistance of vessels and personnel

supplied by the Royal Canadian Navy, the national research council, the Department of Fisheries and the hydrographic and meteorological services, have made oceanographic observations in the gulf of St. Lawrence and the Scotian shelf.

4. Yes. The Pacific group, following the planned program as in (3) and with similar assistance, have made oceanographic observations on a number of points off the British Columbia coast, including Chatham sound, strait of Georgia and Alberni canal. Observations were also taken at a number of shore stations, and off Swiftsure banks.

5. Yes. By the fisheries research board in Ungava bay, where an investigation of the fisheries resources of the eastern Arctic has been in progress since 1947.

Oceanographic observations were also made in Hudson bay during the Royal Canadian Navy cruise there in 1948.

During the summer of 1949 oceanographic observations were made during a joint United States Navy-Royal Canadian Navy cruise in the Bering sea.

6. Yes. As soon as trained oceanographic personnel and ships are available.

BELL TELEPHONE COMPANY—APPLICATION FOR INTERIM INCREASE IN RATES

Mr. Church:

1. What action, if any, will be taken by the government to prevent the Bell Telephone Company imposing a surtax of ten per cent on all bills?
2. Is it within the powers of the transport board at present to allow the Bell Telephone Company to take this action now?
3. What action has or will be taken in the matter?

Mr. Winters:

1. The company's application for an interim increase of 10 per cent will be duly heard by the board of transport commissioners in accordance with the provisions of the Railway Act.

2. Yes.

3. See answer to No. 1.

QUESTION PASSED AS ORDER FOR RETURN

FILMS FOR GOVERNMENT DEPARTMENTS—PRODUCTION BY COMMERCIAL FIRMS

Mr. Diefenbaker:

1. What is the total expenditure in each of the years 1946 to 1949 for the production and processing of films for any government department or departments by commercial firms, giving particulars of the said commercial firms and the amount paid to each?
2. Did the national film board make any decision during said years that it considered the use of commercial firms for the production of films advisable in the public interest? If so, in what case or cases, on what date or dates did it so decide and for what reason in each case?

MOTION FOR PAPERS

CENTRAL MORTGAGE AND HOUSING CORPORATION—EMPLOYEES

Mr. Pouliot:

For a chart of the Central Mortgage and Housing Corporation, indicating positions, grades, names and salaries.

UNEMPLOYMENT

BRITISH COLUMBIA—REPRESENTATIONS FROM LEGION AND LABOUR ORGANIZATIONS

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I have a question to ask the Minister of Labour, which in his absence I shall address to his parliamentary assistant. Has the Minister of Labour had a communication from the Canadian Legion and labour organizations in Vancouver in regard to the growing unemployment situation, and asking for a government program?

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): I shall make inquiries and let the hon. member know as soon as possible.

IMMIGRATION

TRANSFER OF DEPARTMENTAL PERSONNEL FROM OTTAWA TO MONTREAL AND TORONTO

On the orders of the day:

Hon. Robert H. Winters (Minister of Reconstruction and Supply): Mr. Speaker, on Monday the hon. member for Peterborough West (Mr. Fraser), as reported at page 2022 of *Hansard,* asked if Central Mortgage and Housing Corporation are supplying houses to the Department of Mines and Resources for immigration staff in Montreal and Toronto. The answer is no.

Mr. F. E. Lennard (Wentworth): Mr. Speaker, I should like to ask a question of the Minister of Mines and Resources, arising out of an article which appeared last night in the press. Why are certain personnel of the immigration branch being moved to Toronto and Montreal before Christmas? Why the rush?

Hon. Colin Gibson (Minister of Mines and Resources): That question was asked the other day, and I think it was then stated by Mr. Speaker that the question should be placed on the order paper. However, the reason is that the immigration branch is opening district offices in central and eastern Canada. That has been announced, and employees were informed some three months ago. While some of them may be required to move before Christmas, it will be advantageous to many of them if they move their families before or during the Christmas

season so that their children may begin their school terms in the new localities after the Christmas vacation.

MERCHANT SHIPPING

REPORTED AGREEMENT BETWEEN UNITED KINGDOM AND CANADA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I have a question to ask the Minister of Transport. Perhaps in his absence one of the other ministers would deal with it. A press dispatch today indicates that an agreement is being negotiated with respect to merchant shipping between the United Kingdom and Canada. May we have a statement in that regard?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I know nothing of such an agreement. I shall make inquiries, and if there is any information I shall be glad to give it to the house.

COMBINES INVESTIGATION ACT

FLOUR MILLING INDUSTRY—REQUEST FOR TABLING OF CERTAIN DOCUMENTS

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): May I ask the Secretary of State if he will see that the omission from sessional paper No. 53-I, tabled by the Minister of Justice (Mr. Garson) yesterday, is rectified, and that the document entitled "Memorandum of talk with chairman" on June 21, 1943, is included, so that the sessional paper may be complete and intelligible?

Hon. F. G. Bradley (Secretary of State): I shall inquire into the matter.

Mr. Coldwell: May I ask a question of the Minister of Justice? Yesterday he tabled a return to a motion for the production of papers moved on November 14. There was another motion, moved on the same day, asking for letters, memoranda and communications from Mr. Donald Gordon or any member of the staff of the wartime prices and trade board to the flour milling industry or any flour milling company authorizing the making or maintenance of price agreements between December 1, 1941 and September 15, 1947, or subsequently. Do I understand there are no communications, and that nothing further is to be tabled?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, the hon. member will understand that, up to date, in examining the voluminous files we have not turned up any such written communications from either Mr. Taylor or Mr. Gordon. However, there is still a very great deal of examining to be done. I was going to speak to my hon. friend about this and suggest to him—I believe he has already agreed in another instance—to remove any reference to other officials of the board—

[Mr. Gibson (Hamilton West).]

Mr. Coldwell: Yes.

Mr. Garson: —which would cause a very extensive inquiry.

Mr. Coldwell: I understood that that was in connection with the other return.

Mr. Garson: No; I think it was in connection with both.

Mr. Coldwell: I am satisfied.

Mr. Garson: That is the reason why we could not bring down the return before. In order to be able to say that the information had been given, we would have to go through all the files. As a matter of fact I had hoped to have an opportunity to speak to the hon. gentleman about this, but I did not have time yesterday to do so.

HOUSE OF COMMONS

ANNOUNCEMENT AS TO PHOTOGRAPH TO BE TAKEN BY NATIONAL FILM BOARD

Mr. Speaker: May I make a brief announcement? I have been requested by the national film board and the Canadian Press to allow them to take a photograph of the house while it is in session. At previous parliaments pictures have been taken, at a time when many of the members sitting on committees or attending to other business have been out of the chamber. I am suggesting to the film board and the Canadian Press that the picture be taken next Wednesday morning at eleven o'clock.

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING INSTITUTION AND CONDUCT OF PROSECUTIONS, ETC.

The house resumed, from Tuesday, November 22, consideration of the motion of Mr. Garson for the second reading of Bill No. 144, to amend the Combines Investigation Act.

Mr. Speaker: Before the hon. member for Lake Centre (Mr. Diefenbaker) continues his remarks I should like to draw the attention of the house to a ruling which I made earlier in this debate on a question that was raised as to whether the whole of the McGregor report was debatable. On that occasion I ruled that the whole report was not debatable, but only those portions which were relevant to this bill. I ruled also that it was permissible only to debate the principle of the amending bill which is before the house,

and not the principle of the Combines Investigation Act. I stated also that frequently some leeway was allowed—I think the word I used then was "licence"—and I have allowed considerable leeway. We have had an extended debate, and, unless the house thinks otherwise, it would be my opinion that we should conform more to the rules and procedure of the house and discuss only those portions of the McGregor report which relate to this particular bill.

Mr. Knowles: It does seem to me that if this ruling is to be applied against the hon. member for Lake Centre (Mr. Diefenbaker) there should be some clarification. Perhaps, sir, you would permit some discussion of the point before—

Some hon. Members: No.

Mr. Knowles: Just a minute—before it becomes necessary for Your Honour to discriminate between different members. There are others in the house who may wish to discuss the matter as the hon. member for Lake Centre is discussing it, which I think he has a right to do. I am prepared to speak to the point now or at any other time.

Mr. Speaker: I hardly think that further discussion is necessary at this time. I had allowed a full discussion when I made my ruling. I assure the hon. member for Winnipeg North Centre (Mr. Knowles) that I shall do my best not to discriminate between hon. members.

I think hon. members will realize that I am in a difficult position. It is going to be hard for me to determine just when an hon. member is referring to a section of the report that relates to this bill and when he is not. All I can do at this time is to ask the co-operation of all hon. members.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I shall endeavour to keep within the purview of your ruling in the discussion of so important a matter as the various amendments to the Combines Investigation Act that have been presented to the house by the Minister of Justice (Mr. Garson). I feel sure you will agree, sir, that in discussing those amendments we should be permitted to review some of the events of the last year in relation to the Combines Investigation Act as it was, with a view to ascertaining whether, if these amendments are allowed, there will be any assurance that they will be enforced and that the law will be upheld, rather than the practice followed which has prevailed during the last year.

At the time of adjournment yesterday I was endeavouring to answer in general language some of the statements made by the Minister of Justice as to why the law as it was, and as it still is, had not been enforced, had not been lived up to, had not been implemented so far as publication was concerned. The section having to do with publication is one of the most important provisions of the act. Indeed I think it was the former prime minister who said that publicity in connection with combines investigation was the antiseptic that was required in order to secure enforcement.

I suggest that when the government introduces these amendments parliament has a right to be assured that if they are approved—in a general way we accept the necessity for the amendments, reserving the right to discuss whether trial by jury should be taken away—they will be enforced. In considering these amendments one must necessarily take into consideration the events that have occurred and the answer given yesterday by the Minister of Justice to the question as to failure of the government to carry out the provisions of the act.

Mr. Speaker: I do not know how far the hon. member intends to proceed with his references to the clause in the act relating to publication, but there is nothing in the bill before the house amending that section, or, as I can see, relating to that section. I am not objecting to a reference to the clause, but I do not think it is debatable.

Mr. Diefenbaker: I always bow to your rulings, Mr. Speaker. Surely opportunity—I advance this by way of argument—should be afforded to hon. members to answer the statements made yesterday by the Minister of Justice when he dealt at length with the excuses for the failure of this government to publish.

Mr. Speaker: I must say to the hon. member that that opportunity was given to the house yesterday. When the Minister of Justice spoke on the amendment he did not close the debate, and other hon. members could have answered him at that time. As I said before, it is going to be difficult for me to keep hon. members in the straight and narrow path, shall I say, so far as this bill is concerned, but I think I have expressed the principle which should be followed.

Mr. Knowles: I know that hon. members—

Some hon. Members: Sit down.

Some hon. Members: Oh, oh.

Mr. Knowles: I am raising a point of order, and I expect some hon. members to boo. But members of this house still have rights, and I think that this point should be cleared up.

In fairness to Your Honour I do not think it should be something that is left to you to decide. It seems to me that the house itself should reach a decision as to what are the rights of hon. members in these circumstances.

I would point out, sir, that when you gave your ruling on November 14 on the point raised by the Prime Minister (Mr. St. Laurent) the discussion had been only with respect to the point that the Prime Minister raised. I would remind you that the point raised by the Prime Minister was whether or not we should discuss on the second reading of the bill any matter that had been discussed on a motion to go into supply. When you ruled, sir, that that point of order was not to be sustained, you gave an alternative objection to wide latitude, namely, the principle of relevancy to the second reading of a bill. The restrictions you suggest that the hon. member for Lake Centre should now observe arise from the suggestion Your Honour made that on second reading of an amending bill we should confine the discussion to the clauses of the act that is being amended.

Mr. Speaker: Order. May I say to the hon. member for Lake Centre that I do not recall at the moment whether my ruling was appealed. If my memory serves me correctly, no one took exception to it, and I do not think I should be asked to change it now.

Mr. Knowles: I am not asking you, sir, to change it.

Mr. Speaker: After a ruling has been made, no further debate is allowed. I think the hon. member for Lake Centre will agree with me as to that. My ruling could have been appealed, but it was not, and I do not think I should allow further discussion of it at this time. The hon. member for Lake Centre has the floor.

Mr. Diefenbaker: Mr. Speaker, in view of your ruling—and there was no appeal from it—I now move in amendment to the motion for second reading of the bill, seconded by the hon. member for Vancouver-Quadra (Mr. Green):

That all the words after "that" to the end of the question be deleted and the following be substituted therefor:

"While this house is at all times anxious to assist in remedying any defects in the law with respect to combinations in restraint of trade that operate against the public interest, it regrets that His Majesty's ministers have failed to comply with the mandatory requirement of publication of reports under the Combines Investigation Act and that before inviting parliament to enact the said bill have failed to give any assurance that there will be no similar breach of the constitution in respect of this or any other act passed by the parliament of Canada."

[Mr. Knowles.]

Mr. Pouliot: Mr. Speaker, on a point of order, I should like to say that the amendment is out of order from the point of view of common sense. I appeal to the common sense of all hon. members, including the hon. member for Lake Centre (Mr. Diefenbaker) and the hon. member for Winnipeg North Centre (Mr. Knowles). The first part of the amendment indicates that the hon. gentleman and his seconder are anxious that a remedy should be provided to restrict the operation of combines, and yet by the amendment and their speeches they delay that being done. The amendment comprises three suggestions made by Mr. McGregor. He was either right or wrong.

Some hon. Members: Order.

Mr. Pouliot: If in the opinion of the hon. gentleman he was right, hon. members opposite cannot oppose the legislation. They have no common sense.

Mr. Speaker: It appears to me that the amendment may be out of order because it does not relate to the bill. I think the hon. member is moving his amendment under citation 657 of Beauchesne. Even if it came within that reference, it would still have to relate to the bill. May, thirteenth edition, page 391, makes it quite clear that "the principle of relevancy in an amendment governs every such proposed resolution". I rule that the amendment is not in order. Shall the motion carry?

Mr. Diefenbaker: Mr. Speaker, have you made a ruling already?

Mr. Speaker: Yes.

Mr. Diefenbaker: Surely in this house we have the right to argue a case.

Mr. Speaker: I thought I gave the hon. member the right.

Mr. Diefenbaker: With the greatest of deference, no.

Mr. Speaker: Far be it from me to try to prevent an hon. member from expressing his opinion if he thinks a motion is in order. I waited, and the hon. member did not rise. I think I should hear the hon. member for Lake Centre.

Mr. Diefenbaker: There has been no change in this regard since 1858. In that year a similar amendment was presented to the British House of Commons; it is to be found in the Commons *Journals*, 1857-58, at page 65. It is also quoted in May as still being in effect. The entry to which I refer reads as follows:

The order of the day being read, for the second reading of the Conspiracy to Murder bill;

And a motion being made, and the question being proposed, that the bill be now read a second time;

An amendment was proposed to be made to the question, by leaving out from the word "that" to the end of the question, in order to add the words "this house hears with much concern that it is alleged that recent attempts upon the life of the Emperor of the French have been devised in England, and expresses its detestation of such guilty enterprises; . . .

These are the significant words.

. . . that this house is ready at all times to assist in remedying any defects in the criminal law which, after due investigation, are proved to exist, yet it cannot but regret that Her Majesty's government, previously to inviting the house to amend the law of conspiracy by the second reading of this bill at the present time, has not felt it to be their duty to make some reply to the important dispatch received from the French government . . . and which has been laid before parliament."

That amendment is in almost identical words with the present one. I submit, having regard to the fact that ever since 1858 it has remained on the *Journals* and has been quoted with approval as an example of an amendment on second reading, that my amendment is in order.

Mr. Knowles: I should like to add two or three other examples of procedure in the United Kingdom parliament in addition to that which the hon. member for Lake Centre has quoted.

On the 12th of April, 1866, the question was proposed that the Representation of the People bill be read a second time. An amendment was proposed that all the words from the word "that" to the end of the question be left out in order to add these words:

This house, while ready to consider, with a view to its settlement, the question of parliamentary reform, is of opinion that it is inexpedient to discuss a bill for the reduction of the franchise in England and Wales, until the house has before it the entire scheme contemplated by the government for the amendment of the representation of the people.

It seems to me that is a very close analogy. In this instance the parliament at Westminster did not want to discuss one section of a question until it had before it the entire scheme. We in this house feel that we should not be confined to the discussion of just a few clauses of the Combines Investigation Act without having an opportunity to discuss the entire administration of that act, especially at a time when an important provision of the act has been violated.

There was a similar instance in the United Kingdom parliament on June 23, 1853; and I quote from the *Journals:*

The order of the day being read, for the second reading of the government of India bill:

And a motion being made, and the question being proposed, that the bill be now read a second time;

An amendment was proposed to be made to the question, by leaving out from the word "That" to the end of the question, in order to add the words "in the opinion of this house, further information is necessary to enable parliament to legislate with advantage for the permanent government of India; and that at this late period of the session, it is inexpedient to proceed with a measure which, while it disturbs existing arrangements, cannot be considered as a final settlement," instead thereof.

There, I suggest, is another close analogy. The House of Commons at Westminster did not want to discuss part of the problem related to the government of India when the whole problem was not permanently settled. We here feel that we should not be restricted to discussing just the few sections of the Combines Investigation Act which the minister has brought in; rather we should have the right to discuss the whole administration of the act, particularly at a time when an important provision of the act has been violated.

Another case occurred in the parliament at Westminster on May 28, 1891. This is a long amendment; therefore I shall summarize it. It had to do with the fisheries off the coast of Newfoundland. The government had brought in a bill dealing with that question. In the meantime the house of assembly in Newfoundland had passed a certain resolution, and the request of the mover of the amendment to the motion for second reading was that any discussion of this bill, dealing as it did with only one phase of the whole question, be deferred until the representations of the house of assembly of Newfoundland had been taken into consideration.

On this whole question I also direct attention to an interesting sentence at page 509 of Bourinot, fourth edition. This is one of the pages to which Your Honour referred in giving a recent decision:

The second reading of a bill is that stage when it is proper to enter into a discussion and propose a motion relative to the principle of the measure, The Senate has a rule on the subject:

"64. The principle of a bill is usually debated at its second reading."

The Commons have no rule on the subject, but the practice of the house is always to discuss the principle of a bill at this stage.

I emphasize this for Your Honour's consideration: this House of Commons has no standing order or rule which says what is to happen on second reading. We have citations, we have excerpts from Speakers' decisions, and we have had comments made from the floor during the years, but there is no binding rule. Common sense, if I may quote the authority from Temiscouata, would seem to suggest that what is in order is anything relevant to the bill before the house. The bill before us, as the title makes clear, is a bill to amend the Combines Investigation Act. Surely that makes it clear that the Combines Investigation Act is now before us.

I would also point to two very short sentences in May, the first at page 298, coming under the chapter dealing with the same question not being offered twice, which reads:

. . . an entire bill may be regarded as one question, which is not decided until it has passed.

The other is on page 317, shortly after the famous "wholesome restraint" sentence, in these words:

This rule, however, does not apply to debates upon different stages of a bill . . .

My contention is that since the whole bill is to be taken as one, the discussion opened by the Minister of Justice yesterday, in speaking at another stage of this bill, is still before us, and that in effect the amendment moved by the hon. member for Lake Centre is pertinent to the discussion of the Minister of Justice yesterday.

Life is often like this. I confess that I had hoped myself to be in a position to move an amendment to this bill. That opportunity was acquired by the hon. member for Lake Centre, however, by virtue of his getting the floor before me. I mention that, not merely to record what I had intended to do, but to indicate the objectivity of the position I am taking. From my personal standpoint it might be better if this amendment were ruled out of order, which would give me a chance to move one of my own, but I am taking an objective position. I contend that the rights of members of this house, to whatever party they belong, should be defended when they are called into question. I feel very strongly that this amendment—this motion of censure, as it is—which has been moved by the hon. member for Lake Centre, should be regarded as in order.

Mr. Garson: The observations made by the last two preceding speakers would be quite relevant to the matter now before the house, I think, if the leader of the opposition (Mr. Drew) had not previously moved an amendment to the motion for second reading of the bill, and if that amendment had not been disposed of. But I suggest that the facts in this instance are these.

First of all, on a motion to go into committee of supply, we had a debate upon the substantial subject matter of the flour report and the actions of the government in relation thereto. As the hon. member for Winnipeg North Centre (Mr. Knowles) pointed out, however, at that time nothing was recorded in the *Journals* covering that debate; therefore it was proper at a later stage to refer to the same matter again in a subsequent debate. That second occasion was provided when the leader of the opposition moved in amendment that the said bill be not now read a second time but that the subject matter thereof be referred to the standing committee on banking and commerce, with instructions that they have power to send for persons, papers and records, and that in addition to other recommendations in respect to the subject matter of the said bill they should also have power to report upon the extent to which the effective administration of legislation relating to restrictive trade practices has been or is being prejudiced by the action of the government in failing to carry out the mandatory requirements of the existing law.

In other words the purpose—and the very proper purpose, from the standpoint of my hon. friend the leader of the opposition—of that amendment was to enable this house to discuss the flour report and the actions of the government in relation thereto. But, sir, once that discussion had taken place, and at very great length; once the house had voted upon that amendment, then surely any attempt under some new formula or some different language to bring the same subject matter before the house for a third time would be out of order. On that ground I suggest that the amendment of the hon. member for Lake Centre should be declared out of order.

Mr. Drew: Before you reach a decision, Mr. Speaker, I would point out that the amendment I moved called for a direct reference of the subject matter of this bill to a committee of the house. That was its declared purpose.

Mr. Garson: With instructions.

Mr. Drew: With an indication from the house as to the terms of reference to that committee, which is in keeping with the rules. May I add that the use of the words, "the subject matter of the bill," instead of a reference to the bill itself, was in keeping with the practice in that respect; therefore the amendment with which the house has dealt was one which would have had the effect of placing this bill before the committee. Although the Minister of Justice saw fit to interpret certain aspects of the discussion that took place as a motion that had the effect of an expression of want of confidence, this is an interpretation which in no way affects the declared purpose of the motion.

The house voted on the amendment, and as a result of their decision the bill does not go before the committee. An amendment is now presented to the effect that the house express its opinion on what has been done; that was not contained in the other amendment. It would only be by a very broad inference that the contents of this amendment could be stated to have been before the members of this house when they voted on the

other one. In the other one, the members were deciding whether or not this bill should be referred to a committee with the instructions that are an essential feature of a motion of the kind. This is a straight motion criticizing the action of the government in that respect, and I submit it is strictly in conformity with the authority that has been read by the member for Lake Centre. It is an authority of many years' standing which in this house and in other legislative bodies with the same system has been quoted repeatedly to show that it is proper to present a question of this kind to the house. I submit that the motion is in order, and in keeping with the rules and established practice.

Mr. MacInnis: I should like to say two or three words in connection with the points that have been made. In my opinion this amendment is in order. The first thing we have to keep in mind is that the question before the house is the Combines Investigation Act and the amendment of that act. If this bill had been brought before the house as an act to amend the Combines Investigation Act, abolition of juries,—which is a section in the bill—then any debate and any amendment would have to be limited to that point. The broad title of the bill, however, is an act to amend the Combines Investigation Act; therefore, as has been demonstrated in this house on a number of occasions, the whole act is open. The Minister of Justice shakes his head.

Mr. Garson: Horizontally, too.

Mr. MacInnis: Yes, and the time may arrive when I can demonstrate to the Minister of Justice that that is a ruling which has been made in this house. Since there is no definite standing order relating to this, the reference is citation 755 of Beauchesne's second edition. Let me read it:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill,—

Surely that is clear and broad.

> —or expressing opinions as to any circumstances connected with its introduction—

The circumstances connected with the introduction of this bill are quite clear, and they are matters that are before us.

> —or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

According to this citation, the amendment that can be moved at this time is so broad, Mr. Speaker, there is no possibility in my opinion of ruling it out. The mere fact that there has been another amendment on another principle cannot be taken now as a reason for ruling out an amendment that deals with an altogether different matter. I suggest to you, sir, that the amendment proposed by the member for Lake Centre is in order.

Mr. Speaker: I have heard the views of the members. May I say again that I regret that I started to give a decision without hearing the views of the members. I was under the impression no member wished to speak to the point of order. I have no intention of changing my practice of hearing the members when a question of order arises.

A number of points have been raised, but may I deal first with the reference to citation 755 of Beauchesne's second edition, which is 657 of his third edition. This reference has been read by the hon. member for Vancouver East (Mr. MacInnis), and it appears to be so wide as to allow amendments which do not refer directly to the wording of the original motion. I think I should point out, however, that those amendments must necessarily be relevant to the bill which is before the house. May's Parliamentary Practice, thirteenth edition page 391, states, as I mentioned earlier, that "the principle of relevancy in an amendment governs every such proposed resolution." In view of my ruling earlier today, no hon. member has satisfied me that this amendment is sufficiently relevant to make it in order. Moreover, a close inspection of the references made by the hon. members for Lake Centre and Winnipeg North Centre does not disclose anything to disturb that principle.

The hon. member for Vancouver East also said that the whole act is open to debate. I cannot agree with him. I gave a ruling to the contrary last week. He stated that he could refer me to other rulings. I could probably remind him that I gave a different ruling myself when I was Deputy Speaker, but since then I have had the advantage of the advice of the members of this house, and I find I was wrong then, but I believe I was right last week.

A question has been raised by the Minister of Justice (Mr. Garson) to the effect that this amendment is so similar to the amendment which was moved by the leader of the opposition (Mr. Drew) that it cannot be moved a second time. In reply to that argument, the leader of the opposition has stated that his motion was to refer the matter to a committee. He did not deny that the contents of this amendment and his amendment were practically the same. Let me remind hon.

members of the house that if the contents of this bill were referred to a committee, the committee would have to report back to the house and there would be an opportunity of debating that report and all that took place in the committee. The proposed amendment of the hon. member for Lake Centre is sufficiently, in material respects, similar to the amendment moved earlier in this debate by the leader of the opposition to be inadmissible.

For the reasons which I have given, I am ruling the amendment out of order.

Mr. Diefenbaker: Mr. Speaker, I regret that I must respectfully appeal from your ruling.

Mr. Speaker put the question as follows:

Mr. Garson moved that Bill No. 144 be now read a second time. Mr. Diefenbaker moved, seconded by Mr. Green, that all the words after "that" to the end of the question be deleted and the following be substituted therefor:

While this house is at all times anxious to assist in remedying any defects in the law with respect to combinations in restraint of trade that operate against the public interest, it regrets that His Majesty's ministers have failed to comply with the mandatory requirement of publication of reports under the Combines Investigation Act and that before inviting parliament to enact the said bill have failed to give any assurance that there will be no similar breach of the constitution in respect of this or any other act passed by the parliament of Canada.

I ruled the amendment out of order on the ground that it was not relevant to the act which is now under consideration, and also on account of its similarity to the amendment of the leader of the opposition (Mr. Drew), which was recently before the house.

From this ruling the hon. member for Lake Centre (Mr. Diefenbaker) and others appealed. The question is on the Speaker's ruling.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Anderson
Applewhaite
Arsenault
Ashbourne
Bater
Belzile
Benidickson
Bennett
Black (Chateauguay-Huntingdon-Laprairie)
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bourget
Bradette
Bradley
Breithaupt
Brown (Essex West)
Byrne
Cameron
Campney
Carroll
Carter
Cauchon
Cavers
Claxton
Cleaver
Cloutier
Corry
Cote (Verdun-LaSalle)
Cournoyer
Croll
Cruickshank
Darroch
Dechene
Dewar
Dickey
Dion
Dube
Dumas
Elderkin
Eudes
Eyre
Fauteux
Ferrie
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garson
Gauthier (Lake St. John)
Gauthier (Sudbury)
Gauthier (Lapointe)
Gauthier (Portneuf)
George
Gibson (Hamilton West)
Gingras
Gingues
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Healy
Hellyer
Helme
Henderson
Hetland
Howe
Huffman
Hunter
Isnor
James
Jeffery
Jutras
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Langlois (Gaspe)
Lapalme
Lapointe
Larson
Leduc
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCubbin
McCulloch
McCusker
McDonald (Parry Sound-Muskoka)
McIlraith
McIvor
McLean (Huron-Perth)
McWilliam
Major
Maltais
Masse
Maybank
Mayhew
Monette
Mott
Murray (Oxford)
Murray (Cariboo)
Nadon
Nixon
Picard
Pinard
Pouliot
Ratelle
Richard (Gloucester)
Richard (St. Maurice-Lafleche)
Richard (Ottawa East)
Riley
Rinfret
Roberge
Robertson
Robinson
Rooney
Ross (Hamilton East)
St. Laurent
Sinclair
Sinnott
Smith (Queens-Shelburne)
Smith (Moose Mountain)
Stuart (Charlotte)
Studer
Thomson
Tremblay
Valois
Viau
Ward
Warren
Weir
Welbourn
Whiteside
Winkler
Winters
Wood—148.

NAYS

Messrs:

Argue
Balcer
Beyerstein
Black (Cumberland)
Blackmore
Blair
Brooks
Browne (St. John's West)
Bryce
Cardiff
Casselman
Catherwood
Charlton
Church
Coldwell
Courtemanche
Coyle
Diefenbaker
Drew
Fair
Ferguson
Fleming
Fraser
Gagnon
Gillis
Graydon

Green	Murphy
Hansell	Noseworthy
Harkness	Pearkes
Harris (Danforth)	Poulin
Hatfield	Quelch
Herridge	Shaw
Hodgson	Smith (Calgary West)
Homuth	Stewart (Winnipeg North)
Johnston	Thatcher
Jones	Tustin
Knight	White (Hastings-Peterborough)
Knowles	White (Middlesex East)
Lennard	Wright
Low	Wylie—56.
MacInnis	
McLure	

Mr. Diefenbaker: Mr. Speaker—

Mr. Knowles: Mr. Speaker—

Mr. Speaker: The hon. member for Winnipeg North Centre has the floor.

Mr. Diefenbaker: I was on my feet when the point of order was raised. Do I lose my place because I sat down?

Mr. Pouliot: I rise to a point of order—

Mr. Ferguson: Oh, sit down.

Mr. Pouliot: The hon. gentleman—and when I say "gentleman" I refer to the hon. member for Lake Centre—has spoken already on the second reading and has moved an amendment. He can speak only once at that stage of the bill. While I regret that the standing order will not permit me the pleasure of listening to him speak once more on the same matter, I submit that the floor should be given to the hon. member for Winnipeg North Centre.

Mr. Speaker: According to the procedure followed in the house when an hon. member makes a motion, sits down, hands the written motion to the Speaker, as happened in this case, and the Speaker reads the motion, the member cannot speak again to the question. I call on the hon. member for Winnipeg North Centre.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the motion before us is that of the Minister of Justice (Mr. Garson) for the second reading of Bill No. 144 to amend the Combines Investigation Act. The first sentence in the explanatory notes to the minister's bill reads:

> The amendments provided in this bill are designed to facilitate enforcement of the Combines Investigation Act, and of related Criminal Code provisions.

When the Minister of Justice introduced the bill on November 4 he opened with remarks which were substantially the same as those contained in the explanatory notes from which I have just quoted. As reported on page 1439 of *Hansard*, he said:

> This bill is designed to carry into effect three recommendations of the combines investigation commissioner which are designed to strengthen the enforcement of the Combines Investigation Act and the related legislation contained in section 498 of the Criminal Code.

I think it is appropriate at this moment for me to emphasize the fact that it is indeed one of the duties of the Minister of Justice to see that the laws of this land are obeyed. In line with that duty it is appropriate that if he discovers any act under his administration to be not adequate for its enforcement, he should at some stage bring to the house a bill rectifying those shortcomings.

Chapter 106 of the Revised Statutes of Canada, 1927, is an act respecting the Department of Justice. The duties of the Minister of Justice are set out in section four, and I should like to quote the first two paragraphs of that section as follows:

> The Minister of Justice shall
>
> (a) be the official legal adviser of the governor general—

Note that that is the governor general, not the governor in council. The minister, as has been said so often by the member for Lake Centre (Mr. Diefenbaker), is the keeper of the king's conscience. To continue:

> —and the legal member of His Majesty's privy council for Canada;
>
> (b) see that the administration of public affairs is in accordance with law;

As I have said, it is proper and appropriate for the Minister of Justice, when he finds that a statute under his jurisdiction is deficient in such a way as to make it difficult for him adequately to enforce it, to bring before parliament a bill that would seek to correct those shortcomings. However, in the light of the circumstances connected with the introduction of this measure—I am referring now solely to such circumstances as were known to all of us before the minister made his speech yesterday, and I shall not, sir, transgress your ruling; I will not try to discuss what the minister said yesterday, despite what I may think about the ruling—in the light of the circumstances that were known to us before that pitiful defence was made yesterday, the action of the minister in bringing Bill 144 before the house at this time is an affront to this parliament.

When was the notice given for the introduction of Bill No. 144? As will be seen from *Votes and Proceedings*, it was given just before the deadline of six o'clock on Wednesday, November 2. What had happened on Wednesday, November 2? At three o'clock that afternoon two questions were asked on the orders of the day, one by my leader, the hon. member for Rosetown-Biggar (Mr. Coldwell), and the other by the hon. member for Vancouver East (Mr. MacInnis). The hon. member for Rosetown-Biggar wanted to know if there was in existence a report from the

commissioner having to do with the flour milling industry and if so whether it would be tabled, and the hon. member for Vancouver East wanted to know whether there was any truth in the rumour that Mr. McGregor had resigned.

Please note that there were some other things that this house knew before yesterday which are part of this whole circumstance. We know by reference to sessional paper 53-F, tabled by the Secretary of State (Mr. Bradley) in response to a motion of mine, that there was on September 13 an interview between the Minister of Justice and a delegation from the Canadian Manufacturers Association having to do with the administration of and proposed amendments to the Combines Investigation Act. According to this sessional paper it would appear that discussion of the whole question of amendments to the Combines Investigation Act, some of which are before us and some of which are not before us, would be in order in this debate. I will not take the time to go through it except to say that on the basis of that sessional paper—and, by the way, the Secretary of State has admitted to me it is not complete and that there are supplementary returns to come down later—it is evident that the question of amending the Combines Investigation Act and the question of its administration and proper enforcement have been under consideration by the Minister of Justice for a long time. He has lived with this matter night and day since last January.

Without going into the details of the sessional paper at this moment, I come to the last point, namely, that on September 13 there was this interview between a delegation representing the Canadian Manufacturers Association and the Minister of Justice. The burden of the interview is set out in a memorandum contained in this document, and it indicates that that organization wanted certain amendments to the Combines Investigation Act. It is also clear that they have been wanting them for a long time, and that they wanted them in the session of parliament of last January, February, March and April. But none of these considerations, none of these representations, and nothing arising out of the extended consideration that the minister gave to the problem prompted him at any time prior to November 2 to give notice of a motion for leave to introduce a bill to amend the Combines Investigation Act.

On September 21, as is now publicly known, my colleague, the hon. member for Vancouver East (Mr. MacInnis), proposed to ask certain questions of the Minister of Justice. I need not go over what happened on that occasion, but it seems to me there is another point that should have led the minister to take action on this most important matter. On October 22 there was the three-hour discussion in the minister's office in which four people were involved, the minister and three others whose names are well known. Even that did not provoke the minister to the point of introducing the bill now before us. On October 29 Mr. McGregor sent his resignation to the Minister of Justice, but even that did not do the trick. On Wednesday afternoon, November 2, the hon. member for Rosetown-Biggar (Mr. Coldwell) and then the hon. member for Vancouver East asked questions which were embarrassing, and lo and behold, when we get our copies of *Votes and Proceedings* for November 2, which reached our desks the next morning, we discover that action is at last the order of the day.

Mr. Garson: Will my hon. friend permit a question?

Mr. Knowles: Gladly.

Mr. Garson: He is not trying to take the credit for these amendments for his party, is he?

Mr. Coldwell: Yes, I can—December 4, 1947, in my letter to the prime minister.

Mr. Garson: This is the second instalment now.

Mr. MacInnis: There is one thing that is certain. There is not much credit coming to the Minister of Justice.

Mr. Speaker: The hon. member for Winnipeg North Centre has the floor.

Mr. Knowles: Thank you, although I am also grateful for the help.

The point I am making in answer to the Minister of Justice is that the credit for provoking the minister to give notice of this bill goes entirely to what happened on the floor of the house. None of these other things did it, and I have not told the house the story I could tell if I went through sessional paper No. 53-F. Then when it becomes evident, because the minister is not able to answer the question on November 2, that there is something strange going on, notice is filed that afternoon that Bill 144 is to be introduced. The next day, Thursday, November 3, as is recorded in *Hansard*, we got the answers to the questions asked the day before. The answer to one question is a simple yes, that there is a report from the commissioner on the flour milling industry and that it will be tabled. The answer to the other question is likewise a simple yes, namely, that the commissioner had tendered his resignation. In the same exchange that took place on Thursday, November 3, I asked the minister if, when he tabled the report, it would be within fifteen days of the date he received it.

His most interesting answer was that the report would be tabled on Monday. I asked him when he had received it, and was given a further interesting answer, namely, "some time ago".

Then came the next day, Friday, November 4. I felt it was only fair to the minister and to all of us that he should have the opportunity to tell us precisely when he received the report. Therefore I asked him that question, and it is recorded on page 1438 of *Hansard*. I want you to note, Mr. Speaker, that on page 1439 of *Hansard* there is recorded the introduction and first reading of the bill. Note how closely these circumstances are related. I should like to read from page 1438, as follows:

Mr. Knowles: Is the Minister of Justice now in position to answer the question I asked yesterday, namely, the date on which the flour milling report was transmitted to the Minister of Justice by the commissioner under the Combines Investigation Act?

Mr. Garson: December 29, 1948.

There was nothing more to be said; there it was. The Minister of Justice had been caught cold breaking the act. A few minutes later, as recorded on the very next page—page 1439 of *Hansard*— the Minister of Justice stands up in the house and asks for leave to introduce and move first reading of a bill to strengthen the enforcement of an act which he had admitted a few minutes earlier he had broken. Was the house ever so grossly affronted and insulted as it was by the circumstances connected with the introduction of this measure?

It is my intention to move an amendment stating that very fact. I suppose I should expect that at some point someone will wonder whether my amendment is in order. I can assure you, Mr. Speaker, and everybody else, that it is. I am glad to note acceptance by the Minister of Justice, with his broad smile, that it undoubtedly is in order. I might as well move it now. May I say that in drafting the amendment I paid particularly close attention to citation 657 of Beauchesne's Parliamentary Rules and Forms, third edition, which of course is taken from May's thirteenth edition. To paraphrase a part of that citation, it says that it is competent for a member at the second reading stage to move an amendment, and these are the words that I wish to quote directly:

. . . expressing opinions as to any circumstances connected with its introduction, or prosecution. . . .

The reference is to the measure. In other words, it is quite clear that a member of the house has the right, on the motion for second reading of a bill, both to speak and to move an amendment expressing opinions as to any circumstances connected with the introduction or prosecution of the measure then before the house.

Having said that, I take it that the terms of the amendment which I shall propose will be obvious; because even at the risk of labouring the point I have made it clear that I feel, and I think most hon. members of the house feel, that the circumstances connected with the introduction of this measure constitute an affront to parliament. This is particularly so, as I have been able to point out, because of the fact that it is on the very day that the embarrassing questions are first asked that notice is filed that the bill is to be introduced, and it is on the very day that the minister is caught cold in the admission he has broken the act that he stands up in the house and moves to introduce a bill for the stated purpose of strengthening the enforcement of the act, the breaking of which he has just admitted.

So, Mr. Speaker, I think I shall read my amendment now, but on second thought I will not move it now and thus make the mistake made by the hon. member for Lake Centre. In other words, I do not think I had better send it to you yet; that might end my right to speak.

Mr. Diefenbaker: You will end everything if you do.

Mr. Knowles: My amendment, when I move it, will be in these terms:

That Bill No. 144 be not now read a second time, but that it be resolved that in the opinion of this house the circumstances connected with the introduction and prosecution of this measure, namely, the action of the government in seeking amendments to the Combines Investigation Act, for the stated purpose of strengthening the enforcement thereof, at the very time when it has just been discovered that the Minister of Justice, with the approval of the government, has deliberately violated section 27, subsection (5), of the said act, is an affront to parliament, and that further consideration of this bill should be deferred until this house, by this amendment, has censured the government for violating the said act by failing to make public until November 7, 1949, the report of the commissioner under the said act with respect to the flour milling industry, which was submitted to the Minister of Justice in its final form on February 23, 1949, and which he was required by law to make public not later than March 10, 1949.

I had this amendment here on my desk yesterday in slightly different form. The one change I made was with respect to the dates at the end of the motion. Before the Minister of Justice spoke yesterday I would have had the last part read "which was submitted to the Minister of Justice on December 29, 1948, and which he was required by law to make public not later than January 13, 1949." However, I am prepared to accept the minister's statement yesterday, in the two and a half hour defence he made, that he did not have that report in its final form until February

23, 1949. I think that is being very lenient. If I were in court for speeding at fifty miles an hour and I said to the magistrate, "But, Your Honour, my speedometer said thirty," I do not think it would do the trick. I believe the Minister of Justice should be bound by the date on the report, which he himself said on November 4 was the date he received it. But I am prepared to give him the benefit of the doubt. I am prepared to admit that he was busy up in Manitoba—

Mr. Lesage: On a point of order, I would ask the hon. member if he is speaking to his amendment before he moves it.

Mr. Diefenbaker: That was why I was ruled out.

Mr. Lesage: I think the hon. member is speaking to his amendment before it is moved. If he is speaking to the motion for second reading, I respectfully submit that he is out of order. He must move his amendment before speaking to it.

Mr. Speaker: I rather agree with the hon. member. If the amendment the hon. member proposes to submit to the house is not in order, then of course it is not in order for him to speak to it.

Mr. Fournier (Hull): That is why he is speaking in this way.

Mr. Speaker: If there is some question whether or not the amendment is in order, that must be decided now, and the hon. member must not speak to his amendment. I think that is only fair; and in view of the ruling which prevented the hon. member for Lake Centre (Mr. Diefenbaker) from speaking, I do not think I should permit the hon. member for Winnipeg North Centre (Mr. Knowles) to speak to an amendment which may be out of order. It is true that was more or less of a technicality, when the hon. member for Lake Centre sat down and handed in his amendment, but I could not permit him to proceed then in any event. Nor can I at this time permit the hon. member for Winnipeg North Centre to discuss an amendment which may be out of order.

Mr. Diefenbaker: On a question of privilege, Mr. Speaker, I moved an amendment. A question of order was raised; Your Honour stood, and I have always been deferential, so I sat down. Because I did so, I was ruled out. I make that statement in reply to Your Honour now. I never fail to sit down when the Speaker stands. Your Honour stood; I sat down, and then I was ruled out.

Mr. Speaker: I think that is a correct statement. The only thing the hon. member has not mentioned is the fact that he sent his amendment to me, and when it was handed to me I rose and read it to the house. Then, of course, the amendment was before the house. I am sorry the incident occurred, but without the unanimous consent of the house there was nothing I could have done which would have permitted the hon. member to speak again.

Mr. MacInnis: Speaking to the point of order that has been raised, surely no amendment or motion is before the house until it has been read by the Speaker. If it is not before the house, the hon. member cannot be ruled out of order for speaking to it. He has read the amendment he intends to move, but it is not yet before the house; and it must be taken in relation to the subject matter of the speech he is making.

Mr. Fournier (Hull): We all listened attentively to the amendment being read, but we have not received an official copy of it. The hon. member read his amendment at length—

Mr. Coldwell: The amendment he thinks of moving; but he may yet change it.

Mr. Fournier (Hull): I would expect the action to follow the thought in this connection. One does not read a proposed amendment without intending to move it. It seems to me this amendment is out of order, but the hon. member is such an expert in procedure that he is trying to discuss the amendment—

Mr. Casselman: On a point of order, Mr. Speaker—

Mr. Speaker: I am afraid there cannot be a point of order here.

Mr. Fournier (Hull): If the amendment is out of order, I cannot conceive that the hon. member should be given another fifteen minutes in which to discuss it. We know what the amendment is, and it contains statements which are not according to the facts and which were rebutted and refuted yesterday in the speech of the Minister of Justice. That is the basis of the proposed amendment; and when it is read by the Chair we shall discuss the question of its legality.

Mr. Coldwell: If the minister is going to refer to the speech of the Minister of Justice yesterday, I take it we shall all have the same privilege.

Mr. Speaker: The minister was speaking to a point of order; but as one hon. member has said already, the hon. member for Winnipeg North Centre must deal at this time with matters relevant to the main motion.

Mr. Garson: May I clear up just one point, on a question of privilege? It will be necessary to refer to my remarks yesterday in order to do so. In the course of his remarks

on his amendment my hon. friend stated that I deliberately violated the provisions of the Combines Investigation Act, with the approval of the government. I say, sir, I did not deliberately violate the Combines Investigation Act, and I insist that my hon. friend accept that statement and withdraw the imputation.

Mr. Knowles: There are several things here, with some of which I shall agree in order to get along. I shall deal in a moment with what the minister said. First may I say that, if Your Honour does not stop me, I intend to speak for a few minutes more on the second reading of the bill, but not in reference to my amendment. Then when I reach the point where it seems necessary to argue the things set out in my amendment, I shall move it and send it to Your Honour.

Mr. Fournier (Hull): I doubt if the hon. member is right in that attitude, since he has taken the precaution of saying "if I am not stopped". At this point I do not think he can go back and speak to the proposed amendment, but must limit his remarks to the motion for second reading.

Mr. Knowles: My good friend the Minister of Public Works (Mr. Fournier) is getting excited unnecessarily. I said I would go back and confine my remarks to the second reading, and when I thought I could not talk longer without getting into this amendment, I would move it and send it to the Speaker to decide the point.

Some hon. Members: Go ahead.

Mr. Knowles: I come back to the question of the circumstances relating to the introduction and prosecution of this measure. Surely that is germane to the bill. I draw attention to the day on which notice was given. Surely it is germane to the bill to note the day on which the bill was introduced and given first reading, and to note other circumstances connected with it at that time.

I submit, Mr. Speaker, I cannot be asked to withdraw the imputation, which the Minister of Justice asked me to withdraw, about the deliberate violation of the act. The minister has admitted it and has taken responsibility for it. At one stage of the game he was relieved of that responsibility by the Minister of Trade and Commerce (Mr. Howe), who said the whole cabinet agreed to it. At another stage he was relieved by the Prime Minister, who said he bore part of the responsibility.

What the Minister of Justice is now saying, Mr. Speaker, makes the circumstances connected with the introduction and prosecution of this measure more than ever an affront to parliament. If a minister would rise in the house and say: We broke the law, but we felt that the circumstances were extenuating, and we throw ourselves on the mercy of the house, this debate would not continue. My friends opposite are laughing; they think the whole thing is a joke. I say that this is one of the most serious things that has happened in the parliament of Canada, indeed in any British parliament, in a long time.

I have in my hand a quotation from a publication which is as strongly opposed to the Combines Investigation Act as any publication could be. It is the *Letter-Review*, about the most reactionary publication that comes to the desks of members of parliament.

Mr. Diefenbaker: That is hardly a fair observation.

Mr. Knowles: My friend does not think it is fair. All right. My point is that the editor, who does not like the provisions of the act in question, says that nevertheless the government has no excuse for violating those provisions. Let me quote his remarks directly.

> But the cabinet certainly was not justified in flouting the law by withholding publication. In the old days, at least in Britain, the government would have gone down to defeat on the admission that it had deliberately broken the law.

I submit that I have made no misstatement, despite the request of the Minister of Justice to withdraw the imputation, and despite the statement of the Minister of Public Works that there are misstatements of fact in my remarks or in my amendment. I have said nothing that can be withdrawn, because I have stated plain facts which three ministers —the Minister of Justice, the Minister of Trade and Commerce and the Prime Minister —have admitted. My point is that—

Mr. Garson: Will the hon. member please refer to the page in *Hansard* on which any one of the ministers has admitted any such thing? He has made a statement that the admission has been made; now let him show where it is.

Mr. Knowles: Here is the first one I pick up. At page 2083 of *Hansard*, the following appears:

> Mr. Knowles: Would the minister say whether at any point when he was thinking about this matter in January he saw anything in the law that gave him any authority not to publish it?
> Mr. Garson: No.

Mr. Garson: That is not an admission.

Mr. Knowles: It is a clear-cut admission that the minister knew he had no authority not to publish that document.

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

Some hon. Members: No.

Mr. Speaker: Is the hon. member going to continue?

Mr. Knowles: Yes, I should like to come back at three o'clock with more answers to the question the Minister of Justice has put to me. There are so many facets to this matter, however, and so many potential points of order to anyone who is interested, it keeps one rather busy collecting all the relevant material and it makes it difficult to find enough space on one's desk for all the things to which one might wish to refer.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Knowles: Mr. Speaker, just before one o'clock the Minister of Justice asked me to substantiate my reference to admissions that had been made by ministers of the crown. My statement was that it had been admitted that the Combines Investigation Act had been deliberately violated. I quoted one such admission just before one o'clock. I now have three or four more. At page 1500 of *Hansard* of November 7, the Minister of Trade and Commerce (Mr. Howe) said:

> Therefore I called the attention of the Minister of Justice to the situation and urged him not to table the report without further investigation.

I submit that was a deliberate decision. Later the same minister said, as reported at page 1503 of *Hansard*:

> Many hon. members will say that the Minister of Justice (Mr. Garson) was not warranted in delaying publication of the report. I do not share that view. After having doubt cast upon the validity of certain conclusions contained in the report by some of his colleagues, of whom I was one, the report was held from publication with the full authority of the whole cabinet for further checking and consultation.

I submit that that too is evidence of a deliberate decision on the part of the cabinet, freely admitted by a minister. I turn now to page 1524 of *Hansard*, still November 7, 1949, where I asked the Minister of Justice this question:

> Mr. Knowles: Will the minister tell the house on what authority the government relied when it made the decision to violate the provisions of section 27 (5) of the act?
>
> Mr. Garson: Well, Mr. Speaker, it relied upon the fact that any democratic government is answerable to the people of the country for its acts.

There is no denial of the fact that it made the decision to violate the provisions of the act, but rather an attempt to justify the deliberate decision that had been made.

On page 1526 of *Hansard* of the same day the Prime Minister (Mr. St. Laurent), in concluding his remarks, said:

> And I now feel it is only fair to the Minister of Justice that I should inform the house that he had discussed these matters with me, and I had concurred in the line of conduct he was adopting. I should bear, therefore, a portion of the responsibility, if there is responsibility, for attempting to carry out the implied or expressed undertaking given to Canadian industry that if they did their best to help us win the war, they were not going to be pilloried afterwards under the Combines Investigation Act.

Mr. St. Laurent: Will the hon. member permit a question?

Mr. Knowles: Yes.

Mr. St. Laurent: Is the hon. member assuming that all this happened before the fifteen days provided by the statute had elapsed, or that it is something that happened afterwards, and after the delay had elapsed?

Mr. Knowles: That is a fair question. But I submit, Mr. Speaker, that it makes no difference whether it was a decision, before the fifteen days had elapsed, to ignore the provisions of the act, or whether it was a deliberate decision taken after these fifteen days had elapsed, to continue violating the requirement to make public the report that Mr. McGregor had submitted to the minister.

Now, Mr. Speaker, I must move my amendment. May I be quite frank to the house and say that if I carry on after moving the amendment I shall be speaking to it. Thus if any hon. member feels it is not in order, I admit that that will be the place to raise the point of order. May I say that during the noon recess I made a slight change in the wording which I read out this morning, for reasons that will be obvious.

I move, seconded by the hon. member for Vancouver East (Mr. MacInnis):

> That Bill No. 144 be not now read a second time, but that it be resolved that in the opinion of this house the circumstances connected with the introduction and prosecution of this measure, namely, the action of the government in seeking amendments to the Combines Investigation Act, for the stated purpose of strengthening the enforcement thereof, at the very time when it has just been discovered that the Minister of Justice, with the approval of the government, has deliberately violated section 27, subsection 5 of the said act, is an affront to parliament, and that further consideration of this bill should be deferred until this house, by this amendment, has censured the government for violating the said act by failing to make public the report of the commissioner under the said act with respect to the flour milling industry within fifteen days, as required by law.

As I said, Mr. Speaker, I think my amendment is in order, and I should like to go on; but if there is any doubt, this is the time to clear it.

Mr. Speaker: The hon. member has moved his amendment.

Mr. Knowles: I have.

Mr. Speaker: If you had not I was going to be forced to inform you that your time had expired.

This is the third amendment of censure that has been presented to the house. On its face this amendment proposes to censure the government. It seems to me that the amendment moved by the leader of the opposition (Mr. Drew) included censure. I shall be glad to hear representations from hon. members. I might say that it has been my custom to hear representations when questions of order are raised.

Sometimes I have thought that we have had a rather protracted debate on questions of order and as to the regularity of motions. I trust hon. members will make their remarks as brief as possible.

Mr. Knowles: Mr. Speaker, there are some points which can be dealt with briefly, because they are not in dispute. From what Your Honour has said I feel that there is no doubt as to the correctness of the form of the amendment. It comes clearly within the provisions of citation 657 which permits a member to move an amendment on the motion for second reading of a bill expressing opinions as to any circumstances connected with its introduction or prosecution.

Form No. 93 in Beauchesne's third edition also provides for an amendment which asks for the further consideration of a bill to be deferred until such-and-such has been done. Thus there is no doubt as to the form of my amendment. Also I think there is no doubt as to its relevancy, because in the very words of citation 657 it does relate precisely to the circumstances connected with the introduction and prosecution of the measure; indeed that wording is in my amendment.

The only question which, I take it, is raised by what Your Honour has just said is as to whether or not it is substantially similar to the amendment moved the other day by the leader of the official opposition (Mr. Drew). In reply to that may I point out first of all that this is the first of the three amendments—and if I am not correct I shall stand to be corrected—in which the word "censure" appears. I believe I am correct in that. The amendment of the leader of the official opposition was that the subject matter of the minister's bill be referred to a committee, and that the committee have power to discuss the extent to which the violation of the provisions of the act was interfering with its enforcement. This is the first amendment in which it has been specifically asked that the house should censure the government, right here on the floor of parliament.

With regard to this whole question as to the similarity of motions, may I read briefly from May, thirteenth edition, beginning at page 295, under the chapter headed, "The Same Question or Bill may not be Twice Offered in a Session", where it states:

> It is possible, however, so far to vary the character of a motion as to withdraw it from the operation of the rule. Thus, in the session of 1845, no less than five distinct motions were made upon the subject of opening letters at the post office under warrants from the Secretary of State. They all varied in form and matter, so far as to place them beyond the restrictions: but in purpose they were the same and the debates raised upon them embraced the same matters.

I submit that the mere fact that my amendment might produce debate upon the same matters as did the amendment of the leader of the opposition does not of itself make my amendment similar to his. Further I would point out that there have been quite a number of precedents in the House of Commons where amendments which were seemingly similar but substantially different have been moved, and which have been the occasion for continuing debate in the same general field.

I would remind hon. members who were here in the session in November of 1944, when the conscription issue was before us, that a large number of amendments were moved, some of which were ruled out of order, and others not. They were similar, and dealt with the same subject.

Mr. Pouliot: They were not similar.

Mr. Knowles: They dealt with slightly different aspects, and the debate carried on, all of it in the same field of discussion.

But even more striking is what happened back in 1926 when the so-called customs scandal was before the house. On June 22, 1926, Mr. Mercier moved a motion for concurrence in the report of the special committee dealing with that matter. An amendment was moved by Mr. Stevens, as reported at page 461 of the *Journals* for that year.

At page 465 I find that Mr. Woodsworth moved a subamendment, and Mr. Meighen raised a point of order with respect to that subamendment. Mr. Speaker reserved his decision until a later sitting. On Thursday, June 24, as reported at page 469, Mr. Speaker ruled Mr. Woodsworth's subamendment in order.

Then later, as recorded at page 475, Mr. Woodsworth's subamendment was defeated on a vote. Then on Friday, June 25, as recorded at page 477 of the *Journals*, Mr. Fansher moved another subamendment, against which a point of order was raised on the ground that it was similar to the one Mr. Woodsworth had moved. But by a vote of the house that amendment was declared to be in order.

I shall not take time to read all the details, because they are lengthy. If I were to do so I would be acting contrary to Your Honour's

suggestion. However if I did Your Honour would see at once that there is considerable similarity as between these two subamendments, and it was the similarity of Mr. Fansher's motion to Mr. Woodsworth's which was questioned, unsuccessfully. Later, Mr. Fansher's subamendment, having been ruled in order, was agreed to by a vote of the house.

In the course of that interesting session there was a change in the House of Commons at which time Mr. Meighen became prime minister, with Sir Henry Drayton as acting house leader. But the debate went on. Another subamendment was moved to the amendment, this time by Mr. Rinfret on June 29, 1926. A point of order was raised by Sir Henry Drayton, and Mr. Speaker ruled that that subamendment was in order, despite its similarity to previous subamendments. Mr. Geary appealed from Mr. Speaker's ruling, with the result that the ruling was sustained and the subamendment of Mr. Rinfret voted upon. Later, Mr. Garland moved another subamendment which was accepted and agreed to, and finally Mr. Stevens' amendment, as amended, was agreed to, and finally the motion as amended, amended and amended was agreed to by the house.

I studied that volume carefully. That is certainly an instance of a long debate ranging over the same general field, but with sufficient difference in the successive amendments moved that the House of Commons at that time accepted them as being clearly in order.

May I now point out one further and striking difference between the amendment moved by the leader of the official opposition and the one I have now moved. The earlier amendment asked that the bill be not then read a second time, but that the subject matter be referred to a committee. As everyone knows, the effect of an amendment of that kind is to dispose of the bill so far as debate in the House of Commons during the current session is concerned. The only way that bill could get back to the house after its subject matter, not the bill, had been referred to a committee would be for the committee to recommend its reintroduction as a new bill.

But my amendment does not mention referring the subject matter of the bill to a committee. It is in keeping with the terms of citation 657 and the propositions following thereafter which are to the effect that such an amendment only delays consideration of the second reading, and does not do away with it altogether. In other words my amendment could carry, and it would still be in order, after an expression of the opinion of the house on the circumstances connected with the introduction of the bill had been recorded, for second reading of the bill to be moved again.

That is a very substantial difference, namely that the amendment of the leader of the opposition referred the subject matter to a committee, whereas my amendment is a proposal that the house record its opinion right here. And I add this further comment, that if the amendment of the leader of the opposition had carried it merely asked the committee when considering the subject matter of the bill to consider the extent to which the enforcement of the act was being interfered with by the alleged violation.

On the other hand my amendment asks that the admitted violation of the act be censured, right here on the floor of parliament. I submit there is more than a substantial difference and that theory, citations and precedents are all in favour of the acceptance of my amendment as clearly in order.

Mr. Pouliot: Mr. Speaker, with all due respect may I say that Your Honour astounds me. You astound me because you have remained awake when so many dusty and forgotten precedents have been quoted. For the time being I shall not argue that the amendment is out of order, but I do say that it is out of place, that it is untimely and that it is uncalled for. I think it is more logical than the amendment sponsored this morning by the hon. member for Lake Centre. The hon. member said that we are anxious to go on with this legislation, but the hon. member for Winnipeg North Centre has a more logical mind. He abstained from saying that he was anxious to have the legislation passed, and I congratulate him upon saying that. This reminds me of a fire brigade and how it acts when there is a fire alarm. The firemen are supposed to rush down and take out the fire equipment.

Mr. Speaker: Order.

Mr. Pouliot: I am speaking to the amendment, sir.

Mr. Speaker: I was under the impression that the hon. member was speaking to the amendment. I am considering at the moment whether the amendment is in order, and I should like to hear any further representations that hon. members would like to make.

Mr. Pouliot: If you will permit me to continue, sir; I am not through.

Mr. Speaker: I can only permit the hon. member to speak at this time to the point of order.

Mr. Pouliot: Yes, Your Honour. I am referring to what the hon. member for Winnipeg North Centre has said with reference to the

delay in the second reading of the bill. I heard him say distinctly that it would not interfere with or cause any delay in the second reading of the bill. It is in reference to his statement made while sponsoring the amendment now before the Chair that I am using this metaphorical language.

It is quite easy to take Beauchesne, Bourinot or May and quote precedents that date back for scores of years and bore the Chair and the house in so doing. In my opinion a little time could well be taken to make a common-sense comparison. Instead of quoting a dusty Bourinot, a dusty Beauchesne, a dusty May or any of this dusty stuff, I want to appeal to the intelligence of the house; I want to do that rather than weary the exhausted memories of hon. members. We have had enough of that. Let us consider this matter like human beings and not like bookworms.

In making my comparison I am appealing to the intelligence of the house. A building is afire and the firemen want to get there as quickly as possible, but what are we to think when it is found that a pile of rocks and timber has been placed right at the door of the fire station to prevent the fire truck from going out? That is just what the hon. member for Lake Centre has done; that is what the hon. member for Winnipeg North Centre is doing now, and for purely political reasons. They do not want the government to go ahead with this legislation.

Mr. Diefenbaker: Mr. Speaker, I should like to make one short reference to the dusty precedents the hon. member has referred to. I am sure that if my hon. friend shortly becomes a judge of the Supreme Court of Canada, as some expect he will, he will not be talking about dusty precedents but will be following them.

Mr. Pouliot: I am glad I called my hon. friend a gentleman.

Mr. Diefenbaker: I have acted as such when referring to my hon. friend.

I refer particularly to May at page 390 as a basis for my submission that the amendment of my hon. friend is in order. There is no way in which what is stated on pages 390, 391 and 392 can be read except that it favours the amendment in question. My hon. friend referred to the various amendments moved at the time of the customs scandal investigation, and that is one example. Again in 1872, and this has not been changed since—

Mr. Speaker: I have not May before me, and I do not know what section the hon. member is referring to.

Mr. Diefenbaker: This reads:

It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move, as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill; or expressing opinions as to any circumstances connected with its introduction or prosecution—

Then turning to page 392—

Mr. Garson: Is that all of it?

Mr. Diefenbaker: I shall read it all, if you like. It continues:

—or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence, or, in the Lords, the opinions of the judges. The principle of relevancy in an amendment governs every such proposed resolution, which must, therefore, "strictly relate to the bill which the house, by its order, has resolved upon considering."

Then there is cited as an interpretative case the case to which I referred this morning, which came up in 1857, when the Palmerston government was defeated as a result of an amendment very similar in terms to the one now moved by my hon. friend. I quote from page 392:

It must be borne in mind, however, that the resolution, if agreed to, does not arrest the progress of the bill, the second reading of which may be moved on another occasion.

That answers the hon. member for Temiscouata. No impediment is being placed in the way of passing these amendments; it is merely an expression of the attitude toward the government or any of its ministers in relation to the subject matter of the bill. I continue:

The effect of such an amendment is merely to supersede the question for now reading the bill a second time—

The word "now"' is in italics. And then later:

The house refuses, on that particular day, to read the bill a second time, and gives its reasons for such refusal: but the bill is not otherwise disposed of.

And again:

Thus the amendment to the second reading of the Conspiracy to Murder bill, in 1857,—

This is the bill to which I made reference this morning:

—being also a vote of censure—

What is the difference between this present amendment and the one that I moved and the one moved by the leader of the opposition?

—being also a vote of censure, was not only fatal to that measure, but caused the immediate fall of Lord Palmerston's ministry.

The wording of the amendment of the hon. member for Winnipeg North Centre (Mr. Knowles) falls within citation 657 of

Beauchesne, is supported by May, and I know of no case where this right has ever been denied in any British parliament. As to the instance in 1858 when Palmerston's administration was destroyed, the amendment if it had not been a proper one certainly would have been ruled out of order with men like Cobden, Palmerston, Disraeli and Gladstone in that parliament, but they accepted it as a proper amendment, it was voted on and the administration was defeated.

Mr. Pouliot: Canning was opposed to it.

Mr. Diefenbaker: He was not there.

Mr. Garson: I do not think anyone is arguing that, if the present amendment or the one moved by the hon. member for Lake Centre (Mr. Diefenbaker) had been moved as amendments to the motion for the second reading of the bill, they would not have been in order.

Mr. Speaker: Order. I want to have one point clarified that the hon. member for Lake Centre raised. I believe the amendment he referred to was an original amendment and not an amendment to an amendment.

Mr. Diefenbaker: I did not hear you, Mr. Speaker.

Mr. Speaker: I believe it was an original amendment and not an amendment to an amendment.

Mr. Diefenbaker: The one in 1858 was just a straight amendment. The ones referred to by the hon. member for Winnipeg North Centre in the series of four, and I have that volume here—

Mr. Speaker: I was referring to the matter which the hon. member for Lake Centre raised. Thank you.

Mr. Garson: As I was saying, if the present amendment had been introduced by the hon. member for Winnipeg North Centre as an amendment to the motion for second reading of the bill, I do not think any member of the house would argue that it was not a perfectly proper amendment in every way. But that is not the whole story. The amendment now moved is moved after the amendment moved by the leader of the opposition (Mr. Drew) has been disposed of, and in connection with which he invoked this same citation, 657, Beauchesne, third edition. I may say that, as nearly as I could follow the reading of May by the hon. member for Lake Centre, the language in Beauchesne is identical with that of May.

Mr. Knowles: The opposition leader's amendment was made under 668. There is quite a difference.

[Mr. Diefenbaker.]

Mr. Garson: The section which the hon. member for Lake Centre quoted from May—and I followed him—is exactly the same as citation 657 in Beauchesne, third edition.

Mr. Knowles: My point is that my amendment is moved under 657, but—

Mr. Garson: Is my hon. friend raising a point of order with me?

Mr. Knowles: —the leader of the opposition moved his amendment under 668.

Mr. Garson: What does citation 657 say? It reads as follows:

> It is also competent to a member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question,—

It refers to certain matters, but I shall name only two.

> —or expressing opinions as to any circumstances, connected with its introduction, or prosecution . . .

That is what the present amendment in part does. Further on there are these words:

> . . . or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

I suggest that the substantial subject matter of the amendment moved by the leader of the opposition and the substantial subject matter of the amendment which has now been moved by the hon. member for Winnipeg North Centre, namely, the flour report of the combines investigation commissioner and the actions of the government in relation thereto, has already been the subject of debate in this chamber on a motion to go into committee of supply. On that occasion, by reason of the fact that there was no motion connected with it, it was considered that that particular debate, for purposes of subsequent points of order, had not taken place. This same subject matter has also been the subject of debate on the amendment moved by the leader of the opposition.

The whole substance of the entire question has been considered at great length. There has been an opportunity for members to vote upon it and they have voted upon the whole subject matter. Therefore I suggest it is not competent later on, by invoking the same citation 657, with some other formula of language, to have a third debate upon the same subject matter. If that should be the proper interpretation of citation 657 then those who have some ambitions to get home for Christmas had better give them up, because one could go on moving other variations of this formula and produce other debates all on the same subject matter.

I would distinguish in this way the cases which the hon. member for Winnipeg North Centre cited in connection with the customs

debate to which he referred. Even on the face of his argument as he stated it this afternoon, he was talking about a case where there had been a motion for second reading, an amendment to take some other action, then a subamendment to the amendment which was debated and disposed of, and then another subamendment moved and held to be in order. But, Mr. Speaker, the nexus, if you like, that was the foundation for the declaration that the second subamendment was in order was the fact that it was moved in relation to an amendment which was still on the order paper; whereas in the present case what was by any reasonable test a motion of want of confidence in the government, the amendment of the leader of the opposition, has been fully disposed of. Once there has been a full and adequate discussion of that subject matter—as it happens, for the second time in this chamber —and members have had an opportunity to vote upon the amendment and the amendment is voted down, then I submit it is not competent to raise any further amendments dealing with the same substantial subject matter. If it were in order to do so, we could have a whole succession of amendments almost without limit.

Mr. Coldwell: I should like to say a word. I have not taken part in the previous discussion because I felt that my colleague, the hon. member for Winnipeg North Centre (Mr. Knowles), was handling it exceedingly well. I want to deal with this matter in the reverse order to which the minister dealt with it. I should like to discuss first of all his argument regarding the moving of further amendments when others are disposed of. Let us look at the debate on the address in reply to the speech from the throne. When one amendment is disposed of, another can be moved, and so on down the line. I do not think his argument has any effect. As to his other two arguments, first of all let me deal with his contention that the matter was discussed on a motion to go into supply. It is true that the matter was discussed on the motion to go into supply, but it was not disposed of; the sense of the house was not taken on it, and that had no bearing on any subsequent debate.

With regard to the amendment moved by the leader of the opposition (Mr. Drew), I submit that it was substantially different from this. It did not seek the judgment of the house on the action of the government. All it did was ask the house to send this subject matter to a committee. This is the first time an amendment has been moved asking the house to express its judgment upon the action of the government with respect to the non-publication of the combines investigation report. This amendment is entirely different from anything we have had up to the present time. On every other count it is in order. I think that is generally admitted, as it has been admitted by the Minister of Justice (Mr. Garson) himself. I submit that it is in order on the other ground as well, that this is the first time a definite vote of censure on the government has been moved, and I believe the opinion, or judgment if you like, of the house should be taken upon it. I say to the government I think it would be far better to permit the house to express its judgment on this matter than to try to prevent that being done by raising points of order.

Mr. Speaker: First let me say to the hon. member for Rosetown-Biggar (Mr. Coldwell) that I feel not only the hon. member for Winnipeg North Centre (Mr. Knowles) but all those who have taken part in the discussion on the question of order, to use his own words, have discussed it exceedingly well.

Mr. Coldwell: I agree with that.

Mr. Speaker: As far as I am concerned in reference to all these questions of order, I have not come into the house with a closed mind. I have listened to the discussion and have made up my mind after hearing it, and I am grateful to hon. members for the assistance they have given.

A number of points have been raised during this discussion, and I do not know that I can go over them all. The hon. member for Winnipeg North Centre said this was the first time the word "censure" had been mentioned in an amendment or motion. No doubt that is true, but when speaking yesterday the Minister of Justice (Mr. Garson) stated that the government accepted the previous amendment as a motion of censure, so it was then open to hon. members to discuss it as such.

Mr. Coldwell: Non-confidence.

Mr. Speaker: I feel quite sure he also used the word "censure", but in any event it would have the same effect. The hon. member for Winnipeg North Centre also read from May, thirteenth edition, at page 295, with respect to varying the character of a motion. It occurs to me that the amendment moved by the leader of the opposition included at least part of the amendment now before the house. There is similarity as between the two amendments but, as I said before, there is also the inclusion in the former amendment of at least part of the present amendment.

A number of hon. members have suggested that this matter has not yet come before the

house, but that the amendment of the leader of the opposition suggested that it be referred to a committee. As I stated this morning, if a matter is referred to a committee that committee reports back to the house, so in any event it would be before the house.

The hon. member for Lake Centre (Mr. Diefenbaker) referred to May, thirteenth edition, at page 390, which is referred to in Beauchesne, third edition, as citation 657. I will agree with the hon. member that this amendment, to the extent that it relates to the circumstances under which the bill has been introduced, is correct; but I think it goes further than that. The Minister of Justice has pointed out that the amendments referred to by the hon. member for Winnipeg North Centre and the hon. member for Lake Centre, which were allowed, were in each case sub-amendments relating to amendments. They were related to an amendment then pending.

In view of all I have said I can perhaps sum it up by saying that the proposed amendment in part relates to circumstances attending the introduction of the bill. It would therefore appear to be admissible under citation 657 of Beauchesne. However, in part it also amounts to a motion of censure of the government on substantially the same basis as did a previous amendment moved during this debate, upon which the house has already reached a decision by a recorded vote. I would refer hon. members to citation 357 of Beauchesne, third edition, which reads:

> No amendment shall call in question a principle on which the house has given a decision by its vote on a former amendment.

Since the proposed amendment is defective in part I must rule the amendment as a whole out of order.

Mr. Knowles: Your Honour will appreciate that I regret doing so, but I must appeal your decision.

Mr. Speaker put the question as follows:

On the motion for second reading of Bill No. 144, an act to amend the Combines Investigation Act, Mr. Knowles moved, seconded by Mr. MacInnis, the following amendment:

> That Bill No. 144 be not now read a second time, but that it be resolved that in the opinion of this house the circumstances connected with the introduction and prosecution of this measure, namely, the action of the government in seeking amendments to the Combines Investigation Act, for the stated purpose of strengthening the enforcement thereof, at the very time when it has just been discovered that the Minister of Justice, with the approval of the government, has deliberately violated section 27 of the said act, is an affront to parliament, and that further consideration of this bill should be deferred until this house, by this amendment, has censured the government for violating the said act by failing to make public until November 7, 1949, the report of the commissioner under the said act with respect to the flour milling industry, which was submitted to the Minister of Justice in its final form on February 23, 1949, and which he was required by law to make public not later than March 10, 1949.

I ruled that the proposed amendment amounted to a motion of censure of the government on substantially the same basis as the previous amendment moved in this debate, upon which the house had already reached a decision by a recorded vote, and that though this proposed amendment was in part admissible it was out of order as a whole. From my ruling, the hon. member for Winnipeg North Centre appealed.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Abbott
Applewhaite
Ashbourne
Bater
Beaudry
Belzile
Benidickson
Bennett
Black (Chateauguay-Huntingdon-Laprairie)
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bourget
Bradette
Bradley
Breithaupt
Brisson
Brown (Essex West)
Bruneau
Byrne
Cameron
Campney
Carroll
Carter
Cauchon
Cavers
Clark
Claxton
Cleaver
Cloutier
Conacher
Corry
Cote (Verdun-LaSalle)
Cournoyer
Croll
Darroch
Dechene
Decore
Dewar
Dickey
Dion
Dube
Dumas
Elderkin
Eudes
Eyre
Fauteux
Follwell
Fournier (Hull)
Fournier (Maisonneuve-Rosemont)
Fulford
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Sudbury)
Gauthier (Lapointe)
Gauthier (Portneuf)
George
Gibson (Hamilton West)
Gingras
Gingues
Gosselin
Gour (Russell)
Gregg
Harris (Grey-Bruce)
Healy
Hellyer
Helme
Henderson
Henry
Hetland
Hosking
Howe
Huffman
Hunter
Isnor
Jeffery
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Langlois (Berthier-Maskinonge)
Langlois (Gaspé)
Lapalme
Lapointe
Larson
Leduc
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)

MacNaught	Riley
Macnaughton	Rinfret
McCann	Roberge
McCubbin	Robertson
McCulloch	Robinson
McCusker	Rochefort
McDonald (Parry Sound-Muskoka)	Rooney
McIlraith	Ross (Hamilton East)
McIvor	St. Laurent
McLean (Huron-Perth)	Simmons
McWilliam	Sinclair
Major	Smith (Queens-Shelburne)
Maltais	Smith (York North)
Masse	Smith (Moose Mountain)
Maybank	Stick
Mayhew	Stuart (Charlotte)
Monette	Studer
Mott	Thomson
Murray (Oxford)	Tremblay
Murray (Cariboo)	Valois
Nixon	Viau
Picard	Ward
Pinard	Warren
Pouliot	Welbourn
Ratelle	Whiteside
Richard (Gloucester)	Winkler
Richard (St. Maurice-Lafleche)	Winters
Richard (Ottawa East)	Wood—157.

NAYS

Messrs:

Argue	Harris (Danforth)
Balcer	Hatfield
Beyerstein	Herridge
Black (Cumberland)	Hodgson
Blackmore	Homuth
Blair	Johnston
Brooks	Jones
Browne (St. John's West)	Knight
Bryce	Knowles
Cardiff	Lennard
Catherwood	MacInnis
Charlton	McGregor
Church	McLure
Coldwell	Murphy
Courtemanche	Noseworthy
Coyle	Pearkes
Diefenbaker	Poulin
Drew	Quelch
Fair	Smith (Calgary West)
Ferguson	Stanfield
Fleming	Stewart (Winnipeg North)
Fraser	Thatcher
Gagnon	Thomas
Gibson (Comox-Alberni)	Tustin
Gillis	White (Hastings-Peterborough)
Graydon	White (Middlesex East)
Green	Wright—56.
Hansell	
Harkness	

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, now we have again reached the debate on second reading of the bill. The matter has been discussed at full length upon the moving of many amendments. Everyone has said that he is anxious that action be taken. I, too, am anxious that action be taken. What I cannot understand is that those hon. members who, according to their language, seem to be most anxious to have the present situation remedied, have been precisely those who have put obstacles in the way.

Mr. Homuth: No.

Mr. Pouliot: I am not here to defend those who have been condemned by Mr. McGregor in his report. That is a thing of the past. Let us look to the future, so that the government may be able to take action against combines.

Mr. Homuth: When?

Mr. Pouliot: Only after being empowered by the legislation before the house. The more this legislation is put aside by amendments and other obstructive methods, the later it will be that the government can take action against combines and bring before the courts those who have been guilty of any malpractice. That is a simple statement which can be understood by anyone, and which is already understood by the man in the street.

The day before yesterday I met some people who said, "We are facing a very grave situation now. What is wrong with the House of Commons? Why does not the government take action?" Yesterday afternoon I met the same people. They are average and good citizens, and they said, "You are taking your time in the house; why do you not take action and vote second reading of the bill?" When I went to lunch downtown today they said to me, "What is the matter with some members in the house who are creating obstruction all the time, when it is high time to vote second reading of the bill against combines?"

That is what the average man in the street says—and I am repeating it so that no hon. member will have any excuse for saying that we are ignoring it. We cannot ignore it, because it is true. I am not inventing anything; I am just repeating what is being said by many people in this city and throughout the country.

Either members in the opposition groups are satisfied with the bill before the house or they are not. If they are satisfied with it, then the only thing to do is to vote for second reading; if they are not satisfied the thing for them to do is also to vote for it, in order that the bill may be sent before the committee, on which occasion they may make practical, useful and constructive amendments, if they have any to suggest.

That being said, I shall add no more to it. I have said what I wanted to say, and have repeated what I thought the house should know. The only chance any faithful member of parliament has to do something or to accomplish something so as to proceed against combines is to vote second reading of this bill, and to listen to the calling of each section before the committee. I presume of

course that they have read the bill and, having done so, they must have annotated it. Therefore they will have no excuse for depriving us of the benefit of their study, knowledge and practical spirit.

Just one further word in closing. Either Mr. McGregor was right or Mr. McGregor was wrong. He could not be right and wrong at the same time.

Mr. Hodgson: Did you hear that on the street, too?

Mr. Pouliot: I would ask the hon. member to speak more distinctly; there is a lot of wisdom in what he says.

Mr. Speaker: May I ask hon. members not to interrupt.

Mr. Pouliot: I thank you, Mr. Speaker; but I appreciate it when I am interrupted provided I know what is being said. That is why I would be most grateful to the hon. member if he would repeat the same thing, but distinctly so that I could hear it.

Mr. Brooks: He wanted to know if it was the man in the street talking.

Mr. Pouliot: I should like to have it repeated so that with my limited knowledge of the English language I could understand it.

Hon. members who have spoken cannot at the same time be both for and against the bill. That is what happened when the hon. member for Lake Centre (Mr. Diefenbaker), who is otherwise well informed, said that he wanted the legislation to pass, but was at the same time obstructing its passage.

Mr. Homuth: No, no.

Mr. Pouliot: The hon. member for Waterloo South was not here when it occurred, and what he has learned from hearsay is all wrong. This is most farcical and cannot be taken seriously. I hope the hon. gentlemen who have said that they are anxious to have legislation against combines will act with logic and vote for the second reading of this bill. If they want to compensate for the time lost in discussing amendments that were out of order they should let the bill pass on division and save some of the time that has been wasted.

Mr. H. O. White (Middlesex East): Mr. Speaker, in view of what has been said during the past day or two with regard to procedure I am somewhat at a loss to know where I should start and where I should finish. It seems difficult to discuss the amendments to the Combines Investigation Act without referring occasionally to what has occurred in the past and trying to find a way to correct that in the future. The net result of some of the things disclosed yesterday by the minister is

that every labourer or breadwinner in Canada has paid more for his bread than he should have over a long period of time. The minister referred to the flour milling companies and the squeeze that had occurred between the rise in the price of wheat and the setting of the ceiling price of flour. However, the milling companies were protected by subsidies and fixed floor prices and the result was that the only man being squeezed was the man who had to buy his daily bread.

Then it was said that the price of mill feeds was kept down. Mill feeds were scarce during that period and the farmers could not get them. Why? Because they were being exported at higher prices. That is why bacon, eggs, butter and milk were high in price or scarce, as in the case of butter. No wonder the people in the cities complained about the high cost of living. That is the reason, and that is why the workers in many industries went on strike for higher wages.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to make a few remarks on the second reading of this bill. While I support wholeheartedly the remarks of the hon. member for Rosetown-Biggar (Mr. Coldwell) and the hon. member for Winnipeg North Centre (Mr. Knowles) with respect to the action of the government, I am going to confine my remarks to the principle of the bill which I understand is the strengthening of the enforcement of the Combines Investigation Act and to some related matters. The explanatory note reads:

> The amendments provided in this bill are designed to facilitate enforcement of the Combines Investigation Act, and of related Criminal Code provisions. They relate to court procedure concerning undue monopolistic trade restrictions and unlawful combinations in restraint of trade.

While we are supporting this bill to improve the enforcement of the Combines Investigation Act we are of the opinion that the act and the amending bill represent a Victorian and outmoded method of tackling a twentieth century problem. This attempt to improve the enforcement of this act will prove insufficient in the future. A careful examination of history in the United States and Canada will give some validity to my argument. We know the history of the development of monopolies in the United States and the efforts made by various United States administrations, commencing most noticeably with the administration of President Teddy Roosevelt, to control and restrain monopolies and to provide for fair practices in business.

The United States have possibly had more effective legislation in this regard than we have had in Canada, but a United States Senate committee report indicates that the tendency toward monopolistic practices has

increased greatly during and since the war. In view of the fact that a great number of these companies operate branch plants in Canada and have large investments in this country it is reasonable to suppose that the same state of affairs exists in this country.

Certain hon. members, particularly those of the Progressive Conservative group, have expressed a desire to return to the so-called free enterprise as it was known years ago. In my opinion that is a completely unrealistic approach to modern economic development. I give hon. members due credit for their sincerity, but the free enterprise that they envision is a thing of the past that has gone forever. Under our modern industrial and commercial civilization monopolistic development is inevitable and must be faced.

With the large amounts of capital required for the building up of industry, with the demand for natural resources, with the large number of employees employed and with the desire to establish assured markets, it is inevitable, and the course of events proves my contention, that monopolistic development has occurred in various fields, is occurring and will continue to occur.

We in the C.C.F. are concerned about monopolies, and in this we differ from our friends to the right. We realize that monopolies exist and are inevitable. We do not look backward to the return of so-called free enterprise and we face the situation from that point of view. We contend that monopolistic development under our present system of capitalism lacks social objectives. We admit that in many cases they produce efficiently, they prevent waste and things of that sort, but we submit that they must have social objectives.

They must come under the control of those who are responsible to the people rather than of those who are responsible to a board of directors and a group of shareholders. If that procedure is not effective, they must be brought under public ownership. Our objection to monopolistic development as it exists today is that on the whole it is based on the profit objective and usually lacks any form of social objective. We maintain that the first consideration in all economic development should be human needs rather than profits. We see the result of the profit objective in the development of our country. We have seen ghost towns created by the monopoly control of natural resources, the exploitation of timber and mines without any consideration for the future. We have seen monopoly control drive competitors out of business possibly by selling at a lower price for a temporary period. We say these practices are wrong and not in the interests of the Canadian economy or the Canadian people as a whole.

I am quite willing to admit, and my associates in this group admit, that monopolies are necessary in certain fields. They are necessary in the field of transportation. You could not have a dozen railroads operating across Canada. They are necessary in the field of communications. Even under private ownership, no one would suggest that we should have some ten or fifteen telephone companies operating within one province. They are necessary in hydroelectric development. They are necessary in the development of basic industries such as steel, and in the development of pipe lines and transmission companies of that type. It is admitted they produce efficiently in many cases. They prevent waste and overlapping and develop a certain sense of security for a particular group of people within the national community.

Our main objection towards monopolies and combines is that to date the motive has been largely a profit motive without a social objective. We in this group believe we cannot long allow a few people to have such wide powers in the development of our natural resources and the direction of our economic activities, responsible as they are only to boards of directors and shareholders. Therefore we advocate public ownership of monopolies where it is clearly to the advantage of the Canadian people. We advocate public ownership of certain monopolies where they will be controlled by people responsible to the people. I want to say that we do not claim there is any particular merit in socializing any portion of our economy just for the sake of socializing it. We do not believe in socialization for the sake of satisfying some doctrinaire point of view or doctrinaire conception. We simply say that public ownership should come into effect when it is obviously necessary and desirable, and is to the advantage of the Canadian people.

This is our approach to the question of monopolies and combines in Canada at the present time. We of the C.C.F. group, having in mind our natural resources and our ability to produce, believe that the Canadian people have a right to a secure and satisfactory standard of living. The C.C.F. group believe that every child born in Canada is entitled to the education that it is capable of absorbing, the education that it requires for the development of its talents and personality, to enable it to play the part it is capable of playing within the nation. We believe that the working people of Canada are entitled to secure and

steady employment at wages which will produce a satisfactory standard of living, including a reasonable measure of comfort. We believe they are entitled to proper working conditions according to present-day standards.

We also believe that all those who are unable to earn their living because of ill health or sickness are entitled to be maintained on a proper standard of living with a reasonable degree of comfort at the expense of society where that is necessary. We further believe our older citizens are entitled to security with comfort in their declining years. Considering the natural resources of Canada and the capacity of the nation to produce, I do not think any fair-minded person would deny that these are reasonable and modest propositions in this day and age.

Therefore I say we approach the question of monopolies somewhat from this point of view. I may say that a monopoly means exclusive possession of certain natural resources, exclusive possession of certain privileges, exclusive possession of certain manufacturing processes, or exclusive possession of a market. We say that those in control must develop our natural resources according to conservation policies laid down by the government which will protect the present and future interests of the people of the country. Second, they must be willing to accept fair labour practices, sell their products at prices that will be fair to consumers and to their competitors, and operate according to a code of business ethics established by law. In addition we say they must be willing to accept a rate of taxation that, over and above other taxes collected from the general public, will provide the Canadian people with at least the standard of living and security I have just outlined. If any monopoly in Canada is willing to operate under these terms and accept the social objectives laid down in this way, we see no particular purpose in bringing it under public ownership at this stage of our economic development. We also say that if any monopoly refuses to operate under these terms then that concern should be brought under public ownership.

I am sure if a reasonable proposal such as that was brought to the attention of the public, and the fact of the refusal of any monopolistic concern to operate according to that code was brought to the attention of the public, not only would we bring these concerns under public ownership with the support of those who adhere to our political and economic ideas, but also with the support of a large majority of the Canadian people. In my opinion we will have to go much further than the Combines Investigation Act and develop a code of business ethics which will protect workers, consumers and competitors and will have over-all social objectives.

I wish to illustrate what I have said to the house by bringing to its attention the work of a monopoly with which I have had some experience, and in which I am particularly interested. It has developed within its sphere a code of business ethics and social objectives. It is a monopoly controlled by the many and replaced a monopoly controlled by the few. We have illustrations in our modern economic development of monopolies that are working to the public advantage. I can think of the Canadian wheat board, vegetable marketing boards, tree fruit boards, and other monopolies of that type. Before concluding I want to demonstrate the possibilities for the development of monopolies with social objectives controlled by the many in the interests of the many. For a few minutes I want to refer to Tree Fruits Limited in British Columbia, which has a monopoly of the sale of tree fruits throughout the interior of the province, in British Columbia generally, and for export.

What did we find under what some of my hon. friends would term ideal free enterprise conditions, when competition was running wild? Only a few years ago we found unfair practices as between growers, unfair practices by shippers and shipping houses, unfair practices by brokerage houses, and very unfair practices by certain wholesale houses on the prairies, as well as by all those who formed what was known at that time as the fruit selling combine in the western Canadian market. As a result of the operation of that unrestricted free enterprise and free competition, large producing interests, business interests and whole communities in the Okanagan and Kootenay valleys were facing ruin. Because of the lack of any business ethics or a business code, the will and advantage of the majority was defeated at every turn, and the situation became almost disastrous.

Then the producers and various interests in the industry got together and saw the unreasonableness of this unsatisfactory state of unrestricted competition and the unethical nature of the whole process. They took what I would term a positive approach; they said, "We must build up a code of business ethics in the tree fruit industry from the producer to the consumer if we are to have stability within the industry and sell our products to the best possible advantage of all concerned." So they went to the British Columbia legislature, and the first marketing act was passed, setting up the law upon which this

monopoly was based. It received the support of a majority of the growers, and has worked to the great advantage of all.

The tree fruit organization itself is a non-profit association returning to its members all receipts from the sale of fruit, less costs of selling. Here is an interesting thing. Every charge that goes into the cost of a box of fruit as it goes from the producer to the consumer is open to examination by the public. The cost of production in the orchard, the cost of packing and packaging, the cost of transportation and the cost of selling; every detail of the operation of that monopoly, with its social objectives, is open to public review.

What has been the result of the adoption of monopoly control of the sale of tree fruits in the interior of British Columbia, supported by a majority of the people and conducted on the basis of co-operation with social objectives? We have immensely improved methods of distribution. Instead of five carloads of fruit going to a town which requires only one, distribution is scientific and proper throughout the prairies. We have improved the quality, the grades and the packing. We have improved the inspection. We have reduced to a minimum the rebates for damage in transit. Even at the present time we have managed to reduce the actual spread between the producer and the consumer. We have lower costs of production and lower costs of operation. We have reduced waste to a minimum. We have brought about fairer returns to the producer; more than that, by creating a monopoly in that one field based upon social objectives, with a code of business ethics, we have brought about stability in communities that were facing ruin; we have given security to hundreds of fruit growers, and have restored the level of prosperity in districts that were in a desperate situation a few years ago.

I take this somewhat different approach to this question from that taken by other hon. members to illustrate what I think must be the coming development if we are to satisfactorily deal with monopolies. That is, in addition to amending the Combines Investigation Act so the law may be enforced against unfair practices and things of that type, we must build up a body of positive law in this country under which no monopoly can exist unless it is willing to accept social objectives and work to the advantage of the Canadian people.

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

On section 1—*Attorney General of Canada may institute and conduct prosecutions.*

Mr. Diefenbaker: I should like to ask the minister the reason for this particular section, which reads:

> The Attorney General of Canada may institute and conduct any prosecution or other proceedings under this act, or under section four hundred and ninety-eight or section four hundred and ninety-eight A of the Criminal Code, and for such purposes he may exercise all the powers and functions conferred by the Criminal Code on the attorney general of a province.

I should like to ascertain the reason for this amendment, and also to ask the minister whether or not the amendments contained in this bill are the final amendments that it is anticipated will be brought forward. Perhaps, since this is the first section, some general discussion may be allowed, since I want to make reference to a number of matters.

First I should like to know what were the circumstances that made this section necessary. In 1946, when this act was last before the house, I moved two amendments, both of which were accepted by the then Minister of Justice, now the Prime Minister, which had the effect of placing in the hands of the individual in this country the right to take proceedings under the combines act. As the situation is today any person in this country may take such proceedings when and if he desires to do so. I mention that when dealing with this section in order to ascertain from the minister whether or not, when this power is placed in his hands, there will ever again be in Canada, a repetition of what took place in connection with the flour milling report. When I spoke on this subject I pointed out certain facts.

If this report had been published, as it should have been published, then any person in the country would have been able to take proceedings. The fact that it was kept from us, however, puts the attorney general of Canada in this position, that the suppression of that report was a denial of the operation of the statute. It took from every Canadian in this country who would have cared to take proceedings the right to do so. It had the result, and it is a serious result, of outlawing any action that might be taken against the flour milling companies.

We are called upon now to add additional powers to those of the attorney general of Canada. The attorney general did not use the powers he could have used against the flour milling companies. He has given various reasons for that, to which I intend to make reference later. When the attorney general asks for additional powers, the committee has a right to ascertain why it was that the powers he had were not exercised according

to law. In so far as the failure to give publicity to that report is concerned, it amounted to the connivance and assistance of the attorney general of Canada in preventing or circumventing the operations of the combines act.

That is a serious situation, sir, for it is the same attorney general who now asks power to allow him to institute and conduct any prosecution, and to exercise all the powers and functions conferred by the Criminal Code upon the attorney general of any province. By hiding that report, the attorney general became a party to placing certain individuals in this country above the law. I cannot express, sir, the degree of my alarm that in 1949 the attorney general of this dominion should operate as he did in this case. Will the combines act be enforced with no greater zeal by the attorney general, when he gets the powers requested in this section, than it has been during the last year? I have known the attorney general for a long time, and so far as he personally is concerned I have a high admiration for him. That the attorney general of Canada, the representative of the king's conscience, should have allowed himself to act as a pawn in the hands of powerful ministers in the cabinet, it is difficult to understand.

I asked him, when replying the other day, to tell me where in British history such a course had ever been followed before, that an attorney general had failed to carry out the mandatory provisions of a statute. There has been no answer to that. I asked him whether the result of keeping this report concealed had not been, in fact, to defeat the powers of the Combines Investigation Act? It was held up so long that it denied any person in this country the right to take proceedings. Will this section improve that situation, sir? I do not hold him personally responsible. He explained it. He was new. He came in among the great, sir. Never before in Canadian history did any minister of the crown ever reveal what took place in cabinet council, unless he was about to resign. He raised the blind just a little and gave us a glance.

The minister indicated that, while gallantly accepting the responsibility himself, the reason he did what he did was at the instigation of the Minister of Trade and Commerce (Mr. Howe). That minister held the trumps in that cabinet. Will the attorney general say that, if he gets this power, the Minister of Trade and Commerce will not push him around again? Why did they not publish it? There has been no denial by the minister, and these facts are underlined by his speech, that the government broke the law. The minister says there are reasons why the law was broken. One of those reasons was that publicity would have been given, that publicity would have done harm and, in any event, certain arrangements were made during the days of the war.

Next, I asked him to answer this: When since 1763 did any minister in Canada or Great Britain ever interfere, in so far as a statute was concerned, in order to place any subject above the law? This strikes at the purpose behind this section.

I am going to deal now, sir, with the excuses that have been offered, and several excuses have been offered for the failure to act.

Mr. Garson: Mr. Chairman, I think this is all very interesting, but I submit that in committee my hon. friend is required by the rules of the house to confine his remarks to the section which is under consideration, which in this case is section 1.

The Chairman: Section 1 refers to the power to institute and conduct any prosecution or other proceedings under the act, but not to the publishing of a report.

Mr. Diefenbaker: I shall bow to your ruling sir. I do say to my hon. friend the Minister of Justice, who has raised this question, that, in my experience in this house, in committee a general discussion of the whole situation is allowed on section 1. What has the minister to fear by discussion? Why the fear? For the first time, too, today one who was interested in the motions raised the points of order, namely, the minister himself. I have never before heard a member of the bar, interested in rulings about to be made before a judge, himself advancing the arguments on his behalf. You can rule me out of order, Mr. Chairman; you can say that I cannot discuss these things. But when you make that ruling you make a ruling that denies the rulings of Deputy Speakers throughout the last ten years and made when we were in committee. I must bow to it.

The man who made discussion impossible, and denied freedom of speech on this matter, is the Minister of Justice. I cannot understand that attitude. To use Mr. Mackenzie King's expression, the antiseptic of publicity is going to be denied in this as it was denied me today by the Speaker on a technicality. I bow to that ruling. I say this. Under that section we place in the hands of

the attorney general even wider powers than he has today. I have no right to discuss how these powers are to be used. I have no right to ask the minister, sir, whether, if he receives these powers, he is going to allow the powerful within the cabinet to prevent him from exercising them.

This is one of the most serious debates that have ever come before any parliament. Mr. Chairman, I am sure that on reconsideration the Minister of Justice will not deny full and complete discussion on this subject, because we have not the answers yet as to what took place. I believe, sir, that if ever there was a matter that should be discussed, if the purpose of these amendments is to put teeth in the law, this is it. Teeth in the law are no good if the cabinet behind closed doors denies the operation of the powers that it already has in the Combines Investigation Act.

I will put it this way, in order to keep within your ruling, sir. If the attorney general is given these extra powers, will he give assurance to the house that never again will he as attorney general deliberately, to use the words of the hon. member for Winnipeg North Centre, break the law and thereby protect those who were named as law breakers by the highest official of all under the Combines Investigation Act? I have never once suggested their guilt, sir; I would not do that.

Will the Minister of Justice assure the house, as he has not done yet—he showed little regard for the seriousness of what has happened—that in the future when reports are delivered to him, whether he regards them as incomplete or not, as long as the law is on the statute books it will be carried into effect? I was one of those, sir, who believed that it should have been modified. I raised the question in 1948. The then Attorney General of Canada pointed out that it was necessary in order to arouse public opinion. I said: "Well, possibly it might result in injustices." The answer of the then Minister of Justice was: "It is in the same position as the evidence on a preliminary inquiry, but above all it is necessary to publish in order to ensure publicity."

Will he give the assurance—and I am sure he will now after his experience of the last few days—that that section, or any other section of the law under the Combines Investigation Act, will never be circumvented by him again? It is not a difficult thing to answer. It is a very simple question. I ask him this also: Is it not correct that having held that report as long as he did, the result is that no action can be taken today against any of the milling companies? This matter, sir, all enters into the equation as to whether extra powers should be given. For extra powers given to the attorney general, and used as they were since January last, will be window dressing on the statute books of this country. The section reads:

> The Attorney General of Canada may institute and conduct any prosecution or other proceedings under this act . . . and for such purposes he may exercise all the powers and functions conferred by the Criminal Code on the attorney general of a province.

Even if that section had been on the statute books during the last year it would have been a mere scrap of paper. If all these powers he now asks for under section 1 (2) had been granted to him, will he say that anybody would have been prosecuted who has not been? Will he say that any prosecution would have taken place as against those named in the flour milling report? As far as that section is concerned it is a meaningless one, having regard to the amendments that were passed in this house in 1946, under which any person in Canada, whether the attorney general or anyone else, had the right to take proceedings.

Those are a few of the questions that I now bring to the attention of the minister. They are questions which are in the minds of the people of Canada today. You can pass laws; you can make amendments to the law; but if the unwillingness to enforce the law is as strong as that evidenced by the attorney general, directed as he apparently was by the Minister of Trade and Commerce since January last, any amendments are mere sham, mere window dressing, mere words.

One alarming fact that emerges from this debate is that the minister has given no indication that in the days ahead he intends to follow any other course than that which has been pursued in the last year. I am not saying that if these powers were secured consideration should not be given to what took place during days of war. But, sir, in that report there were offences disclosed before the war, before the wartime prices and trade board was set up, and after. I have the pages; they have been referred to on a number of occasions.

Mr. Garson: Does the hon. member mean September 15, 1947?

Mr. Diefenbaker: Yes.

Mr. Garson: Oh, well—

Mr. Diefenbaker: At the ending of the wartime prices and trade board regulations. Even if the government did not wish to prosecute for what took place during the war, they could have used the events during those days of war to keep the entire action within the period of limitations within which action

could have been commenced. The chain was broken. The Prime Minister himself said the other day that where a number of offences take place over the years, if they are continuing offences, the two years runs from the last offence.

Was the Combines Investigation Act not in force during the days of war? Who gave anyone authority in those days to say that the act would not be in effect? Certainly Mr. Gordon never had that power, and the attorney general at that time did not have it. The only institution that had power to say that the Combines Investigation Act was suspended during wartime would be parliament —or the executive, under the terms of the wartime prices and trade board orders in council passed under that act.

Mr. Garson: That is right; and that in effect is what was done.

Mr. Diefenbaker: That was not done.

Mr. Garson: Oh yes, it was.

Mr. Diefenbaker: That is just what was not done. The wartime prices and trade board was set up; but in no particular was there anything suspending by order in council the operations of the act during the period of war.

Mr. Garson: Of which act?

Mr. Diefenbaker: The Combines Investigation Act.

Mr. Garson: Oh no—

Mr. Diefenbaker: No—and that is exactly the point.

Mr. Knowles: They do not need an order in council; they just do it.

Mr. Diefenbaker: The point I am making is this, that during days of war the attorney general and the government could not suspend the operations of the Combines Investigation Act without the consent of parliament, or otherwise under the prerogative rights of the king to pass legislation within the provision of the war emergency act.

Surely, sir, parliament has a right to know this: Will a statute of this country, the Combines Investigation Act, ever again be suspended by the simple word or desire of anyone in this country, without the consent of parliament? For if it was done at one time it will be done again, unless the minister—so long as he is the minister—will give that assurance. I say parliament is entitled to that assurance.

I shall say no more at this time, except this: What has been done by the attorney general is in contravention of our constitution. Will such contraventions continue? Is there any way today whereby, if reports are received from the commissioner, parliament will ever know it? Parliament relies upon the government to carry out the law. When the attorney general gets these extra powers will there be greater care in prosecutions than there was in the dental combines case? So far as that case was concerned, there was no case because the prosecution did not prove the material facts.

Will this section strengthen the Combines Investigation Act?

Mr. Garson: Not this section; section 3 will do that.

Mr. Diefenbaker: I cannot discuss that yet.

Mr. Garson: That is right.

Mr. Diefenbaker: But not this section?

Mr. Garson: Not particularly, no.

Mr. Diefenbaker: Not particularly?

Mr. Garson: No. I can set my hon. friend's mind at rest. He is asking a good many questions on this section, the purpose of which is quite simple. It is to give the Attorney General of Canada the formal as well as the present *de facto* right he has to conduct these prosecutions. But it does not really add any powers to those which the attorney general now exercises.

Mr. Diefenbaker: I see.

Mr. Garson: I believe that covers the point.

Mr. Diefenbaker: Then that comes back to what I said the other day, that it is a most unimportant section; and that when we begin to analyse the changes asked for in the bill we find that they are, as I described them, unimportant. However, I shall deal with section 3 when we come to it.

Mr. Coldwell: Mr. Chairman—

Mr. Garson: I do not wish to interrupt if my hon. friend wishes to speak. However, I have been asked a good many questions, and I am afraid I shall forget some of them.

Mr. Coldwell: All right, proceed.

Mr. Garson: The hon. member for Lake Centre raised a number of points to which replies should be given.

Mr. Drew: May I interrupt the minister in respect to one answer he has given, so that in his following answers he may bear it in mind. The minister has said that the passing of section 1 does not add to the actual authority the attorney general now has to proceed. Is that what I understood?

Mr. Garson: No, I said—

Mr. Drew: The *de facto* right?

Mr. Garson: I said the real purpose of this amendment is to give to the attorney general

the formal right to conduct these prosecutions, as well as the *de facto* right he has at the present time. I shall deal with that later in greater detail; but what I meant by saying that it does not add to his rights is that it merely formalizes the *de facto* rights the attorney general has been exercising through the years. I think any lawyer would appreciate the point. There is actually no increase in power. It just formalizes his status in the courts of the provinces.

Mr. Drew: But I would point out to the minister that it does increase his power in respect of the Criminal Code, because at the present time only the attorneys general of the provinces can present indictments under the Criminal Code.

Mr. Garson: That is right, yes.

Mr. Drew: This empowers the Attorney General of Canada to take proceedings which are now entirely in the hands of the attorneys general of the provinces.

Mr. Garson: Yes, that is right. But I still say that these *de facto* rights to which my hon. friend has referred are in respect of prosecutions conducted by the Attorney General of Canada in the provinces in the name, and by courtesy of, the attorneys general of the provinces. But my point is that after the passage of section 1 the conduct of these prosecutions in the provincial courts, while it will not have to be taken in the names of the provincial attorneys general, will not be carried on with any greater actual powers of prosecution that those which the Attorney General of Canada now exercises.

Perhaps it would not be amiss if I were to deal with this particular point a little more fully right now. It has been the practice for some years when an investigation by the commissioner of the combines act results in the finding that a combine exists to follow the procedure outlined in section 31 of the act, which reads:

(1) Whenever in the opinion of the commissioner an offence has been committed against any of the provisions of this act, the commissioner may remit to the attorney general of any province within which such alleged offence was committed, for such action as such attorney general may be pleased to institute because of the conditions appearing, any records, returns, evidence or report relevant to such alleged offence.

(2) The Minister of Justice may instruct counsel to attend on behalf of the minister at all proceedings consequent on any information being laid for an offence under this act.

That is to say, the attorney general of the province may lay an information if he wishes to do so and we have the power to instruct counsel. The first proceedings in the tobacco case were carried on by the provincial attorney general, but they resulted in a stay of proceedings. About a year later further proceedings were again instituted by the provincial attorney general but the Attorney General of Canada instructed counsel to appear.

When a report comes in from the combines act commissioner the practice has been to send a copy to each of the provincial attorneys general in order to give them an opportunity to decide whether or not they wish to take action. In the majority of cases they do not desire to do so, and this for a number of reasons. The report has not been prepared by their own provincial civil servants. If they step into the matter they will be undertaking to prove something that the federal combines investigation commission has created, that is, a report on a particular industry. Their position in that regard is not ordinarily as comfortable as our position would be in prosecuting upon a report made by our own combines investigation department. What ordinarily happens is that after a bit they reply politely to the effect that they do not wish to proceed, and then we launch proceedings.

Where we start proceedings because the provincial attorney general prefers that we take that responsibility, we conduct the prosecution, we pay the costs, but the proceedings are taken with the consent and in the name of the attorney general of the province in which the trial is to be held. The proposed amendment would dispense with the formality of asking the provincial attorney general whether he would consent to this course.

In the case of the two reports which have figured largely in the discussion during recent days, the flour and bakery reports, transactions of an interprovincial nature right across the country are covered. In a case of that kind it would be extremely awkward to say the least for a provincial attorney general to carry on a prosecution involving interprovincial matters. Every time a separate facet of the case was found to belong in some other province he would have to get another provincial attorney general involved and build up co-ordination with the other provincial attorney general or attorneys general in conducting the case. All that this amendment will do will be to give the Attorney General of Canada status by which he can commence action. It does not affect in any way the status of a provincial attorney general to commence action if he chooses so to do. As I said at the beginning, this amendment would formalize our present *de facto* powers of prosecution.

I agree with the hon. member for Lake Centre when he says that this is a relatively unimportant section of the bill. It is not nearly as important as section 2 or as section 3, which is the most important. While I am on my feet perhaps I should deal with some of the questions which the hon. member for Lake Centre asked in a new form of cross-examination. He put his questions in groups and if I overlook some of them I hope he will remind me.

He wanted to know who gave anyone the authority to say that the Combines Investigation Act was not in effect during wartime. I think the simple answer to that is: "No one." If he thinks that that answer is unresponsive and not sufficiently revealing I should like to refer him to the letter from Mr. Anger, the legal adviser of the wartime prices and trade board, to Mr. McGregor, to which I referred previously. This letter will be found on page 2079 of *Hansard*. In referring to wartime prices and trade regulations passed by order in council under the War Measures Act, a statute properly passed by this government, Mr. Anger says:

> The regulations have always provided that contravention or failure to observe any regulation or any order is an offence.

It is an offence to contravene or disobey any order of the wartime prices and trade board. Then he goes on:

> From the foregoing it is seen that it is not only a formal order of the board or of an administrator that must be obeyed, but also any general or specific requirement or instruction of an administrator. It being clear that failure to comply with an order as defined is an offence, it is equally clear that obedience of such an order would be a good defence to any possible action brought under the Combines Investigation Act or the Criminal Code, if there were, in fact, any conflict between such statutes and an order. As has been stated before, however, our legal department and the commissioner of the Combines Investigation Act concur in the view that there can be no such conflict, because orders are in the public interest and there is no liability under the above statute except in respect of acts which are against the public interest or to the detriment of the public, which is the same thing.

Perhaps the hon. member for Lake Centre suspects that Mr. Gordon or Mr. Taylor gave assurances of privilege or assurances that the Combines Investigation Act would not be enforced against John Doe Company Limited, but it was rather a matter of the officials of the wartime prices and trade board calling the attention of the John Doe Company Limited to the fact or the law, if you like to look at it as such, that if they comply with the order of the wartime prices and trade board then *ipso facto* they will not be prosecuted under the Combines Investigation Act. That is not an assurance of privilege or exemption given by an individual. That is a statement by an individual, either Mr. Anger, the legal adviser, Mr. McGregor, the enforcement officer, Mr. Gordon, the wartime chairman, or Mr. Taylor, the present chairman, of what the law is. The law would be the same whether they stated it or not. That being the law, if the John Doe Company carries out the provisions of the wartime prices and trade board order, then by virtue of that fact it cannot in doing so be a member of a combine detrimental to the public, and it cannot be prosecuted under the Combines Investigation Act.

Mr. Diefenbaker: If that be so, then why did you not publish the report? It would have done no harm because they were not liable anyhow.

Mr. Garson: I will tell you the reason why we did not publish the report. When it came in I read it and I was much impressed with it. I thought it disclosed an offence, but I had no knowledge of this other background, nor did any of the other people who read the report and who had not had communication with the officials of the wartime prices and trade board. The whole basis for any action on my part in the matter has been that I did not want to jettison the report until I had been absolutely assured by the proper authorities that the actions which were recorded in the report as being on offence under the Combines Investigation Act were not those which were a mere compliance with the wartime prices and trade board regulations.

Mr. Diefenbaker: What do you mean by "jettison"?

Mr. Garson: Suppose when this report first came in we had followed the course my hon. friend recommended about two minutes ago. Suppose we had said: These things are all covered by the wartime prices and trade board so we will just not bother with the report at all. That would be jettisoning it because to all intents and purposes we would do nothing under it. I was not prepared to do that until the officials of my department and I had gone into the matter and we had satisfied ourselves, and I had been satisfied beyond any peradventure of doubt, that what had been done was really in accord with the wartime prices and trade board orders. It is not a case of any person like Mr. Gordon, Mr. Taylor, Mr. Anger or anybody else giving assurance of any protection. It is simply that the law applicable to the facts of the case does not disclose an offence.

Mr. Diefenbaker: Do you believe that is the law?

Mr. Garson: I not only believe it is the law; I know it is the law.

Mr. Diefenbaker: Why did you not put it before a court?

Mr. Garson: I know it is the law for the reason that it is stated in ruling after ruling which we have turned up on these files, and I have read some of them into the record. If my hon. friend is not informed in the matter he can become informed by no more complicated device than just reading *Hansard*. If he has any doubt after reading *Hansard* he can go back to the records of the wartime prices and trade board and be further convinced.

Mr. Diefenbaker: I did not find *Hansard* so informing.

Mr. Garson: The question has been asked who gave anyone authority to say that the Combines Investigation Act was not in effect? The answer is nobody; nobody made any such statement. All that they have said was that if the companies and the citizens affected by wartime prices and trade board orders complied with what those orders said, and if they did any act which furthered the substance of those orders, then by the law of this parliament, the wartime prices and trade board act and the orders in council passed thereunder, what they did was not an offence under the Combines Investigation Act.

Mr. Diefenbaker: There was no wartime prices and trade board act passed by parliament.

Mr. Garson: My hon. friend is quite right. The wartime prices and trade board regulations were passed under another statute. It was the War Measures Act, a statute of this parliament.

The next point is that the hon. member said that the action of the government had taken away the right of citizens to launch proceedings under the Combines Investigation Act. I say that whatever effects may have flowed from any action we took in the matter—

Mr. Diefenbaker: Or did not take.

Mr. Garson: Any action that we took or any omission—

Mr. Knowles: By deliberate decision.

Mr. Garson: If you mean the decision not to prosecute, that was deliberate.

Mr. Knowles: I mean the decision not to publish the report.

Mr. Garson: No, I do not admit that at all. I think that is a most ungenerous interpretation of the facts.

Mr. Knowles: Was it not a deliberate decision not to publish the report until November 7? Was it an accidental decision?

Mr. Garson: I submit I am really breaking my own principle here because I have raised the point of order that these discussions are out of order on the sections of the bill. I do not want to evade forthright questions like that, and I will answer these two upon the understanding I will not answer any more that are out of order. So far as the report is concerned our position is this. The manuscript copy which was delivered to my office in my absence on December 29, 1948, is not the report which was tabled in this house. In any event, on the facts it was a physical impossibility for anyone to comply with the section of the act. I would be prepared to go into any court, and on the facts stated there stand trial on the question whether there was an offence under the act, and be quite confident there would be an acquittal. The manuscript copy was not the report tabled in this house. The final report was tabled after five separate amendments had been made in the manuscript report, and there were further negotiations which could just as easily as not have led to other amendments because the facts I laid before the house indicated that Mr. Taylor had gone to Mr. McGregor and Mr. McGregor considered the matter further, not for a few hours but for two or three days, I believe. I have forgotten exactly—

Mr. Diefenbaker: How many hours of consideration were given to it in seven months?

Mr. Garson: Just a minute.

Mr. Diefenbaker: All right.

Mr. Garson: I am glad to answer questions but not in the middle of a sentence.

Mr. Diefenbaker: No, that is right.

Mr. Garson: So far as the report is concerned which was finally tabled in the house, I did not receive it from Mr. McGregor as a final report concerning which I was sure that no more amendments would be offered until well within fifteen days prior to the time it was tabled.

Mr. Diefenbaker: That is a most specious argument.

Mr. Garson: What my hon. friends are talking about is a technical offence under section 27(5) of the act.

Mr. Knowles: A most important section.

Mr. Garson: That is the technical offence with which they are trying to charge me, and I say there is no offence so far as we are concerned. Our offence is with regard to a matter of propriety, with regard to the length of time that it took during the interval to try to arrive at some unity of opinion amongst these—

Some hon. Members: The cabinet.

Mr. Garson: No, not the cabinet; not by any means. This would have been a very simple matter as far as the cabinet was concerned if they could have laid before them a set of facts upon which the executive officers would agree; but one group said, "Here are the facts," and another group said, "Those are not the facts at all."

Mr. Diefenbaker: Did Mr. Howe threaten to resign if you published the report?

Some hon. Members: Oh, no.

Mr. Diefenbaker: It is true; the papers said so.

Mr. McCann: Do you believe all you see in the papers? It is not true, and you know it.

Mr. Garson: By that last question the hon. member for Lake Centre is trying to trap me into a disclosure of the very type he was accusing me a few moments ago of making, in relation to cabinet secrecy. Well, on that point let me say that I have disclosed no cabinet secrets at all in this matter; that I am well aware of the very strong oath I took concerning cabinet secrecy, and that I have endeavoured to the best of my ability to observe it.

The facts are these. When the various amendments we are now considering came from the combines investigation officials they had to be considered by cabinet before they could be put into a bill as representing government policy, so I took the amendments to cabinet for that purpose. There would be no other way of getting their agreement. While those amendments were before cabinet, as so very often happens in a matter of this kind, various members of the cabinet had ideas of their own about how the act might be amended. These were suggested to me, but I preferred not to discuss them until I had been briefed by my officials. So I went back to what was really my combines deputy, since at all times there has been direct contact between the combines investigation commissioner and myself. My chief deputy is of course the deputy minister of justice. The penitentiaries commissioner in a sense is another deputy; the mounted police commissioner is another; and the combines investigation is another. I have direct contacts with all of these officials.

Following the practice which I think has been universally regarded through the years as not constituting any breach of cabinet secrecy, since otherwise government business could not be carried on, I disclosed to my deputy the points that had been raised in cabinet. There was no other way by which I could get from him the memoranda I had to have in order to intelligently deal with the matter in cabinet.

Mr. Diefenbaker: When was that?

Mr. Garson: I would not even attempt to answer that question.

Mr. Diefenbaker: Before the month of June?

Mr. Garson: It would be some time after the first draft of these amendments, which came to us on April 7, 1949. We considered ten different drafts, and I certainly could not make any pretence of saying in reference to which of those drafts, some of which were before June and some after, these other suggestions were made. I am rather inclined to think they were made after June, but I would not be sure. At any rate, when I got them I took them back to Mr. McGregor. He considered them and gave me a memorandum which I took back to cabinet; and that memorandum was so convincing that we did not go further with those suggestions.

In his letter of resignation to me Mr. McGregor felt that the only way he could clear up the position between himself and myself, as a justification for the resignation, was by referring to some of those suggestions which had been made in cabinet and communicated by me to him in confidence. He made that reference, and when I received the letter I said, "Look here, this puts me in a very bad position. If these things are published it will look like a breach of my oath of cabinet secrecy". As I have already indicated in previous statements, he replied, "My letter of resignation to you is privileged. You do not have to produce it anyway, so it is quite all right for me to make this disclosure in that letter". I said, "That may be all right; you may think it is privileged, but this government could never dream of claiming privilege in respect of a document of this kind". As a result this is a case where, through no fault of any person concerned, there will have been some leakage of cabinet secrets. My hon. friend, who is so glibly accusing me of breaking cabinet secrecy—

Mr. Diefenbaker: I never accused you; I just said you lifted the curtain.

Mr. Garson: You did it very skilfully, but that is the impression that would be given. The point is that no reference to any cabinet secrets has passed my lips in any of these debates, except that which arose out of Mr. McGregor's letter of resignation on the one hand, or from the statement by the Minister of Trade and Commerce in regard to his position, which he had a right to make, on the other.

Now the hon. member wants an assurance from me that I will not repeat the offence he alleges against me. Well, Mr. Chairman, I thought my hon. friend had greater respect for my intelligence than to ask for an assurance of that kind. If he stops to reflect for a moment on the difficulties that he must know I have had to face in connection with this matter, he will feel quite sure that upon the lowest possible basis of self-preservation he need have no fear for the future.

Mr. Knowles: "Have you stopped beating your wife?"

Mr. Garson: I was just going to say that; my hon. friend took the words out of my mouth. That is a trick question: "Have you stopped beating your wife?" If I say I will not do it in the future—

Mr. Diefenbaker: But you did it.

Mr. Garson: —my hon. friend wants me to admit by implication that I did it in this instance. I say I certainly will not do it in future, but I say that without any admission with respect to having done it in this instance.

Then the hon. gentleman said we had taken away the right of the individual to lay a charge under the act. Whatever other results may have flowed from our action or omission in this instance, the result he charges in that regard has not flowed. The right of any person to take proceedings under this act is no greater and no less than it was before we announced our position in the matter.

Mr. Diefenbaker: And the period of limitation?

Mr. Garson: Yes, I shall deal with that, too. My hon. friend would not have to ask me these questions if he were a little more diligent himself. He is a distinguished lawyer and can read the law as well as anyone can. If he would take the trouble to read it he would not have to ask these questions. The two cases he is talking about—I am speaking now from memory but I think this is substantially correct—are Rex *v.* Canadian Import Company Ltd. and Rex *v.* Elliott. I would not be too sure about the second citation, but in those cases there was a continuous course of conduct which came up within the two-year period. When the point was raised in this case as to whether they were barred by the two years' limitation the court said, "Well, we do not have to decide that point because the facts make it unnecessary for us to do so."

Mr. Diefenbaker: The Prime Minister mentioned the coal case upon which he was engaged.

Mr. Garson: That is the Canadian Import case. I do not think there is any point, therefore, in what my hon. friend says.

In any event, it seems to me that the real substance of the matter is this: that as of September 15, 1947, the alleged offence upon which my friend is relying to give his argument any validity at all is no offence at all. The plain statement of Mr. Taylor, who was the one official who took all the proceedings in connection with it, and whose evidence cannot be contradicted by anyone else because he was the only man who took the proceedings, establishes this beyond doubt. Mr. Taylor said in the clearest possible terms that he directed what was to be done, and the concerns followed exactly what he told them to do.

Mr. Diefenbaker: But the commissioner did not accept that.

Mr. MacInnis: Why did the milling companies not bring Mr. Taylor as a witness?

Mr. Garson: The proceedings taken by the combines investigation commissioner are of a quasi judicial character, they are investigation proceedings rather than judicial proceedings. It is as a result of the investigation conducted by the commissioner that the criminal prosecution in the courts is taken; and you may be sure—as attorney general I was afraid of this all along— that if there had been any prosecution, Mr. Taylor would have been subpoenaed as a witness, as would all the other people with whom those concerns have dealt. They would have been called to the box and asked, did you tell me so-and-so at such-and-such a time as to what the law was? Did you not write to me to this effect, and so on?

Mr. MacInnis: Did they write? That is what I want to know.

Mr. Garson: So far as Mr. Gordon and Mr. Taylor are concerned, we have so far been unable to find in the files of the wartime prices and trade board any written authority from them. But remember that neither of those gentlemen acted as the flour administrator, though for a while Mr. Taylor was the food administrator. The milling companies would not need to have anything in writing from these two men because all the companies needed to do was to prove that there was substantial compliance on their part with the requirements of the wartime prices and trade board orders.

Mr. Coldwell: Knowing that this report was to be made public and that, at least, it would cast some reflection on them, would you not

have thought if they had any evidence whatever or any witnesses to show that there was an understanding they would have produced either the documents or the witnesses?

Mr. Garson: I shall try to answer that question as fairly as I know how. My answer will not be worth a great deal because I have never acted as defence counsel in combines act prosecutions. Lawyers who are accustomed to acting for the defence in these different types of prosecutions build up a certain technique. My hon. friend the member for Lake Centre (Mr. Diefenbaker) can tell you about it. This reply is just that of an uninformed person, but I would imagine probably the best technique in a combines investigation might be to sit tight and not make any moves at all, but reserving those for the trial. Otherwise, one would give one's case away to some extent.

Mr. Coldwell: If they thought they were going to be prosecuted, they must have felt that they were doing wrong.

Mr. Garson: No, they would not have thought they were going to be prosecuted. Let my hon. friend put himself in the position of any one of those people. Suppose you were under investigation and as the member for Calgary West (Mr. Smith) said the other day, they rolled up with a truck and started unloading the files from your office, would you not draw into yourself a bit and be rather cautious and careful about your next move, regardless of whether you felt guilty?

Mr. Coldwell: I have nothing I need be ashamed of.

Mr. Garson: I believe that completes the questions asked by the hon. member for Lake Centre.

Mr. Knowles: On a matter of privilege; during an interchange a few minutes ago the Minister of Justice more or less accused me of making an ungenerous interpretation of the law. May I say to him what I had in mind was the case to which he has just referred, namely the Canadian Import case. I had in mind precisely the comment he has made with respect to that case. The Prime Minister said the same thing the other night, that the series of facts upon which they relied had commenced more than two years before the prosecution and—please note—had continued right up to the time of the prosecution. It was the continuing of the acts that made these people liable. My contention is that, even after the fifteen days had gone by, it was the continuing refusal, the continuing and repeated decision on the part of the minister and the government, not to publish the report which makes what has been done an offence against the law.

Progress reported.

BANKING AND COMMERCE

CONCURRENCE IN FIRST REPORT

Mr. Hughes Cleaver (Halton) presented the first report of the standing committee on banking and commerce, and moved that the report be concurred in.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): At eleven o'clock tomorrow we shall continue with this Bill No. 144, the Combines Investigation Act. If we get through before one o'clock, we shall take up the two small bills I have mentioned many times, Nos. 64 and 65, the justice bills. At three o'clock in the afternoon, we shall take up the national defence estimates, and if we complete those estimates we shall take up the estimates of the secretary of state.

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

HOUSE OF COMMONS

Thursday, November 24, 1949

The house met at eleven o'clock.

PRIVATE BILLS

SUSPENSION OF STANDING ORDER 105

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

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

Mr. Knowles: Does this motion not require forty-eight hours' notice?

Mr. Speaker: I do not think so. In my view standing order 45 does not apply to private bills. It states:

Forty-eight hours' notice shall be given of a motion for leave to present a bill, resolution or address, for the appointment of any committee, or for placing a question on the order paper; but this rule shall not apply to bills after their introduction, or to private bills—

And so on.

Motion agreed to.

[*Later:*]

Mr. Speaker: It has been brought to my attention by the hon. member for Winnipeg North Centre (Mr. Knowles) that in connection with the motion moved by the hon. member for Lisgar (Mr. Winkler) the house probably should have considered standing order 116. In fact when the hon. member rose I thought he was going to bring standing order 116 to my attention rather than the question of notice. As hon. members will recall, we discussed this standing order one day this week. It reads:

Except in cases of urgent and pressing necessity, no motion for the suspension or modification of any standing order applying to private bills or petitions for private bills shall be entertained by the house until after reference is made to the committee on standing orders or to one of the committees charged with the consideration of private bills, and a report made thereon by one of such committees.

I delayed putting the motion to the house in order to give hon. members the opportunity to raise the question with regard to the committee on standing orders. When no one raised that question I took it for granted that the house agreed that this was a case of urgent and pressing necessity, and I allowed the motion to be put.

BANKING AND COMMERCE

CHANGE IN PERSONNEL OF STANDING COMMITTEE

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

That the name of Mr. Helme be substituted for that of Mr. McCusker on the standing committee on banking and commerce.

Motion agreed to.

CUSTOMS ACT AMENDMENT

VALUE FOR DUTY OF GOODS IMPORTED—INQUIRIES AND INVESTIGATIONS, ETC.

Hon. J. J. McCann (Minister of National Revenue) moved the first reading of Bill No. 200 (from the Senate), to amend the Customs Act.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 201, for the relief of Guy Merrill Desaulniers.—Mr. Winkler.

Bill No. 202, for the relief of Margaret May Lester Rajotte.—Mr. Winkler.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

LABRADOR INDIANS AND ESKIMOS—MEDICAL SERVICES

Mr. Higgins:

What medical services have been provided for the Indians and Eskimos of Labrador?

Mr. Martin: While the federal government has given some assistance in emergency cases provision of medical services for the Indians and Eskimos in Labrador has been and has continued to be the responsibility of the Newfoundland government.

A. R. DECARY

Mr. Courtemanche:

1. Is Mr. A. R. Decary employed by the federal government in the province of Quebec, by the Department of Public Works?
2. If so, has he reached retirement age?
3. Why has he not been superannuated?

Mr. Fournier (Hull):

1. Yes, in a temporary capacity.

2. Yes.

3. He has been superannuated effective October 22, 1949.

LEGAL SERVICES—ARTHUR SLAGHT

Mr. Lennard:

1. Have the services of Arthur Slaght, Esq., K.C., been retained by the federal government during the years 1948 and 1949?

2. If so, in what capacity and in what matters?

3. What remunerations has he received from January, 1948, to date, in each of the matters in which he has been engaged?

Mr. Garson:

1. Yes.

2. As consulting counsel to the Criminal Code revision commission.

3. None.

*COMBINES INVESTIGATION ACT—LEGAL OPINION AS TO PROSECUTIONS

Mr. Coldwell:

1. Has the government sought the opinion of the Department of Justice or of any outside counsel as to whether the evidence contained in the McGregor report on the flour milling industry is sufficient in order to prosecute?

2. If so, what opinion or opinions have been received by the government?

3 Has an outside counsel been consulted? If so, what is his name?

Mr. Coldwell:

1. Has the government sought the opinion of the Department of Justice or of any outside counsel with respect to the application of section 1141 of the Criminal Code to prosecutions under the Combines Investigation Act?

2. If so, what opinion or opinions have been received by the government?

3. Has an outside counsel been consulted? If so, what is his name?

Mr. Garson: Mr. Speaker, these two questions asked by the hon. member for Rosetown-Biggar (Mr. Coldwell) seek the disclosure of legal opinions received by the government. Upon making inquiries I am informed by my deputy, Mr. Varcoe, that this is the first time within his knowledge that production of opinions of this sort has ever been sought. I have also conferred with Mr. McGregor, commissioner under the Combines Investigation Act, with regard to these two questions, and, after that conference, I am of the view that the government should refuse to disclose any of the legal opinions in connection with any combines report.

It should be remembered that these opinions usually take the form of a review and analysis of the relevant parts of the report. Usually the opinions are quite long, and analyse the report from beginning to end. On occasions they refer to the transcript of evidence upon which the report is based. Possible defences in fact or in law, and how they may be met by the crown, are usually commented upon and appraised. The result is a communication between lawyer and client which is and should be privileged from disclosure, because in most, if not in all cases, such disclosure would give the accused and their counsel a preview of the crown's case. This would have a most prejudicial effect upon the prosecution of the case. The government therefore takes the position that it cannot table opinions of this sort.

Mr. Coldwell: Under the circumstances I am prepared to drop the questions. However, I would ask the minister to let me confirm this.

Mr. Garson: Yes, I shall be very glad to do that.

Mr. Speaker: Questions dropped.

UNEMPLOYMENT

Mr. MacInnis:

1. How many persons were receiving unemployment insurance in the months of September and October (a) 1948; (b) 1949?

2. How many new applications for unemployment insurance were received in the months of September and October (a) 1948; (b) 1949?

3. What was the total number of unemployed (applications for employment) by provinces for the month of October (a) 1948; (b) 1949?

4. What was the total number of positions vacant by provinces for the month of October (a) 1948; (b) 1949?

Mr. Cote (Verdun-LaSalle):

1. (a) In September and October, 1948, 44,761 and 55,384 claimants respectively were receiving unemployment insurance.

(b) For the same months in 1949 the figures were 83,525 and 105,064.

2. (a) 28,143 applications were received for unemployment insurance benefits in September, 1948, and 38,104 in October, 1948.

(b) In September, 1949, 51,935 made application, and 69,349 in October, 1949.

3. Unplaced applicants registered with national employment service offices at the end of October, 1948 and 1949, were as follows:

Province	1948	1949
Newfoundland	——	7,583
Prince Edward Island.	585	195
Nova Scotia	6,485	9,772
New Brunswick	4,153	8,099
Quebec	28,131	49,631
Ontario	31,445	45,811
Manitoba	5,136	7,976
Saskatchewan	3,322	4,258
Alberta	3,948	6,336
British Columbia	18,417	24,068

4. Unfilled vacancies recorded by offices of the national employment service at the end of October, 1948 and 1949, were as follows:

Province	1948	1949
Newfoundland	——	31
Prince Edward Island.	231	151
Nova Scotia	912	1,064
New Brunswick	1,077	710
Quebec	13,230	7,488
Ontario	24,697	15,197
Manitoba	3,482	2,001
Saskatchewan	1,565	1,132
Alberta	2,723	1,963
British Columbia	2,383	1,656

QUESTION PASSED AS ORDER FOR RETURN

WHEAT—STORAGE IN GOVERNMENT ELEVATORS

Mr. Diefenbaker:

1. What is the total amount paid by the wheat board for the storage of wheat between the 1st of April, 1947, and July 31, 1948, with particulars as to the companies to whom payment was made and the amounts paid to each?
2. How many government storage elevators were in existence during the said period of April 1, 1947, to July 31, 1948, and what is the location and capacity of each?
3. Were any of the said terminals or storage elevators leased or rented to private companies? If so, which?

CANADIAN NATIONAL RAILWAYS

REFRIGERATOR CARS FOR SHIPMENT OF P.E.I. POTATOES

On the orders of the day:

Mr. J. W. MacNaught (Prince): Mr. Speaker, I should like to direct a question to the Minister of Transport, and at the same time say how glad we are that he is back in the house. I am receiving complaints all the time from Prince Edward Island about the shortage of refrigerator cars. Can the minister make a statement about this situation as it affects Prince Edward Island?

Hon. Lionel Chevrier (Minister of Transport): The information I have on my desk this morning indicates that the position with regard to refrigerator cars on Prince Edward Island is excellent. As a matter of fact, at the moment there are 276 cars on the island ready for loading, which is more than there have been normally at this time of the year; and there are 152 cars in transit.

NATIONAL REVENUE

RESIGNATION OF DIRECTOR OF INCOME TAX, MONTREAL

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I should like to ask the Minister of National Revenue if Arthur W. Gilmour, director of income tax in Montreal has resigned, and if so, for what reason?

Hon. J. J. McCann (Minister of National Revenue): Mr. Gilmour has resigned his position in Montreal, giving as his reason the fact that for family and personal reasons he did not care to accept a transfer to head office in Ottawa.

THANKSGIVING DAY

OBSERVANCE TODAY IN THE UNITED STATES

On the orders of the day:

Mr. T. L. Church (Broadview): I would direct to the attention of the Prime Minister (Mr. St. Laurent) that today is United States Thanksgiving day. We in this country have reason to be thankful for having such friendly neighbours.

UNEMPLOYMENT

BRITISH COLUMBIA—REPRESENTATIONS FROM LEGION AND LABOUR ORGANIZATIONS

On the orders of the day:

Mr. Angus MacInnis (Vancouver East): I asked a question yesterday which was taken as notice by the parliamentary assistant to the Minister of Labour. May I now have a reply?

Mr. Paul E. Cote (Parliamentary Assistant to the Minister of Labour): This matter is being looked into. I may say, however, that certain communications have been received by the minister. But as these communications were addressed to the minister personally, I suggest it would be advisable to wait until his return later today, and let him check the matter himself, to ensure a more complete and satisfactory answer to my hon. friend's question.

IMMIGRATION

COUNT JACQUES DE BERNONVILLE

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): Can the Minister of Mines and Resources tell me when the papers concerning Count de Bernonville will be produced?

Hon. Colin Gibson (Minister of Mines and Resources): I shall be glad to make inquiry and find out whether they are available.

NATIONAL FILM BOARD

BRIEF TO ROYAL COMMISSION ON ARTS, LETTERS AND SCIENCES—QUESTION AS TO GOVERNMENT POLICY

On the orders of the day:

Mr. G. K. Fraser (Peterborough West): I should like to address a question to the Minister of Reconstruction and Supply. It was

announced over the radio this morning, as well as in the press, that the Minister of Reconstruction and Supply had stated that the brief presented by the national film board to the royal commission on arts, letters and sciences was not government policy. Why is it not government policy when there are two cabinet ministers on the national film board? Did they have anything to do with the brief? If not, why not?

Hon. Robert H. Winters (Minister of Reconstruction and Supply): I have not had an opportunity of reading the reports in the press, and under the circumstances I do not think I should comment on them.

Mr. Fraser: It was definitely stated over the radio that the minister had made that statement.

Mr. Fleming: May I ask the minister whether he is still chairman of the national film board?

Mr. Winters: The answer is yes.

PARLIAMENT HILL

REFERENCE TO STATUE OF SIR JOHN A. MACDONALD

On the orders of the day:

Mr. Jean François Pouliot (Temiscouata): I should like to direct the attention of the Minister of Public Works (Mr. Fournier) to the statue of Sir John A. Macdonald, one of the fathers of confederation, which is situated between this building and the east block. The other day the hon. member for Broadview (Mr. Church) referred to a conversation that had taken place before the monument, and it gave me the idea of going to look at it. I notice that the pincenez which Sir John holds in his hand has become broken and is now a monocle. That is an historical error, and I hope it will be corrected as soon as possible.

Mr. T. L. Church (Broadview): Perhaps there should be a relocation of the monument to place it out in front beside Laurier.

BUSINESS OF THE HOUSE

REFERENCE TO NOTICE OF MOTION FOR SATURDAY SITTINGS

On the orders of the day:

Mr. A. L. Smith (Calgary West): Mr. Speaker, I should like to direct a question to the Prime Minister in connection with a notice in *Votes and Proceedings.* I think an innocent mistake has been made in preparing it, because it asks that the house sit on Saturday, November 26. I wonder if the error was in not providing that the house should meet on that occasion at Varsity stadium in Toronto, where we will all be?

Right Hon. L. S. St. Laurent (Prime Minister): I am sure a large number of hon. members would enjoy being at the stadium in Toronto instead of here, but I am afraid that their public duties must prevail over their desires.

Mr. Smith (Calgary West): Speaking only for myself, mine will not.

Mr. Speaker: If I may interject, may I say that my sympathies are with the hon. member for Calgary West.

Mr. Knowles: Perhaps the motion is out of order.

Mr. F. E. Lennard (Wentworth): As a past president of the Canadian Rugby Union may I say that the game last year between Calgary Stampeders and Ottawa did more to cement good feeling between the east and the west than anything this House of Commons has done in the last ten years. The game that will be played in Toronto on Saturday between Alouettes of Montreal and Calgary Stampeders will have a like effect. I think that if this house meets on Saturday it will be an insult to the sporting fraternity of Canada—

Some hon. Members: Oh, oh.

Mr. Lennard: —and I for one will not be here.

Mr. Pouliot: Mr. Mackenzie King said the same thing about the accomplishments of Barbara Ann Scott.

Mr. Speaker: The motion is not before the house.

Mr. Cruickshank: The west will win, anyway.

PUBLIC ACCOUNTS

INQUIRY AS TO DISTRIBUTION

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): I should like to ask the parliamentary assistant to the Minister of Finance when the public accounts will be distributed. On Monday last, when this question was asked, the parliamentary assistant to the Minister of Finance said he would look into it and would make a statement the following day. No statement has since been made.

Mr. Gleason Belzile (Parliamentary Assistant to the Minister of Finance): The king's printer has not had time to print the number of copies that will be required, but we expect that they will be available in the near future, perhaps in seven or eight days.

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING INSTITUTION AND CONDUCT OF PROSECUTIONS, ETC.

The house resumed, from Wednesday, November 23, consideration in committee of Bill No. 144, to amend the Combines Investigation Act—Mr. Garson—Mr. Dion in the Chair.

On section 1—*Attorney General of Canada may institute and conduct prosecutions.*

Mr. Coldwell: Mr. Chairman, so far as the strengthening of the Combines Investigation Act is concerned, we of the C.C.F. party are thoroughly in accord. As I said in the letter which I wrote to the present Prime Minister on December 4, 1947, we believe not only that the act needs strengthening but also that the combines investigation commissioner should have sufficient staff to deal with what we believe to be the large number of cases of price fixing and combinations we find in this country at the present time. Incidentally I might remark that the act does not deal with the question of monopolies as the anti-trust legislation of the United States, the Sherman Act, does.

We have long felt that if the government and the house believe in competition and free enterprise there should be legislation on the statute book to prevent private monopolies and combinations. I want to be specific; I do not believe the anti-trust legislation of the United States has been successful in meeting the needs of that country in relation to combines and monopolies. The only way to deal with a monopoly is to bring it under some sort of public control. As my colleague, the hon. member for Kootenay West, said yesterday, when an industry reaches the stage where it can exploit a community, at least it should be brought under effective control, which I believe involves national ownership of that monopoly. On the other hand, the majority of the members elected to the house do not believe that; consequently either the act should be strengthened or another act should be placed on the statute book to deal specifically with the matter.

I want to make one or two brief comments about some of the points that have been made in connection with what the minister has said, and what I have said, in this debate.

The minister's defence of the non-observance of a vital clause of the act is based entirely on wartime experience and alleged wartime agreements. That is not the point. The point is that the activities about which complaint is made in the report stem from the years before the war. The practices about which complaint is made were carried through the wartime period, and we believe into the period that followed the war. Consequently I do not think his contention if it were accepted is a valid one.

There is no documentary evidence to support the contention that immunities existed. There is nothing in the record except one interesting memorandum of June 21, 1943, indicating that a discussion occurred between the minister, the chairman of the wartime prices and trade board, and certain officials, about the position of the subsidies, their implications, and so on. Let me refer to the paragraph reading in part as follows:

> . . . it may be desirable or necessary to place a minimum price on sales of flour in order to prevent any miller from taking undue advantage of the arrangement to reduce domestic flour prices at the expense of the government.

There is nothing in the record indicating that this was actually brought to a final conclusion. Moreover, I say again, as I have said several times—and I think it has been overlooked—that if the milling industry had told the combines investigator, and had presented substantial evidence of it, either documentary or oral, to the commissioner, that an understanding had been reached during the war concerning these matters and concerning the immunity of the milling industry under the Combines Investigation Act, at that point all further investigation would have stopped, and a report would not have been made of the kind which was to be placed before the people of Canada by the combines investigator.

I have not seen Mr. McGregor since long before this controversy began, but I am satisfied, from what I know of his past work and his reputation in the civil service, that if that had been done, this report would not have been made. I want to be quite clear about that, because it is vital to the discussion.

There is one paragraph in the memorandum of June 21, 1943, which I still find puzzling, and as a matter of fact I think the minister did too. There are these words:

> The foregoing is to be treated very confidentially and not made known to either the Administration or to the industry at this time.

In this document, which the minister was good enough to send across to me—it is the one that was omitted from the return—"administration" has a capital "A". Mr. Donald Gordon was present at this conference, and he was the chairman of the wartime prices and trade board; consequently it cannot refer to the wartime prices and trade board. The only interpretation I have been able to place upon it is that "Administration" means that this tentative understanding,

which was never brought to a final conclusion, should remain confidential and not be made known to the flour milling industry or the government. If that is so, surely it is exceedingly strange. If the treasury board and the government were to be protected as alleged, why on earth should such an understanding be withheld from the government of the day. Surely if this was in any measure —and I mean the suggestions made in the memorandum—an understanding with a view to protecting government expenditures, why should it be kept secret from the government of the day? I ask the minister to explain that, because if I am wrong I want to be corrected.

Mr. Garson: I did explain it. Perhaps my hon. friend was not listening, and I certainly could not blame him for that.

Mr. Coldwell: Perhaps I was out of the chamber, attending a committee meeting.

Mr. Garson: When one speaks for two and a half hours he cannot expect to hold the attention of everyone for the whole time. I explained that in these terms: that I had asked that question myself, since the question suggested itself at once to anyone reading the memorandum. The explanation given to me is set out in *Hansard*. It is that they did not want the negotiations complicated by premature disclosures to the industry on the one hand or to the government on the other. They wanted no word of this discussion to go back prematurely at that stage through the people who had participated in it, to the government and to the industry, which seems to me a very natural desire. I hope my hon. friend realizes that the Minister of Finance himself was present at that meeting, so there was nothing sinister at all about this. I might also add that in substance the arrangement subsequently formalized by orders in council, notwithstanding what my hon. friend says, was the arrangement contemplated in that memorandum. The only difference I recall at the moment was in connection with the floor prices, which is also explained at great length in my statement.

Mr. Coldwell: I know the explanation, but I do not think it is good. In my opinion the orders in council to which the minister referred did not in any way validate the actions of the millers during the wartime period. That is an opinion, of course, which the minister can attack if he wishes; but to my mind those orders in council have no bearing on the contention made in the McGregor report. As I say, if they have, I cannot understand why the point was not made during the investigation, and why under those circumstances the report would have been made, knowing the careful way in which the commissioner under the combines act has always proceeded in regard to these matters. Moreover, as the hon. member for Vancouver East suggests to me, Mr. McGregor was one of the enforcement officers during the war, and he would have known of this arrangement when finalized and would have understood the implications of the orders in council. Consequently I do not think the argument advanced in rebuttal of the charges is good or valid.

I am not going to thresh old straw. We have had a long debate; and when the people of the country read it, so far as they are able to do so they will have to draw their own conclusions. I am satisfied the government was wrong in withholding the report. I am satisfied that the commissioner acted in good faith; that he made a report which was warranted, and that his recommendation that prosecution should follow was entirely justified on the basis of the evidence placed before him. If the millers had any reason to give as to why they should be granted immunity, I cannot understand why that reason or that evidence was not given to the investigators.

The minister said yesterday that if somebody came and wanted to see documents and so on in an office, the natural thing would be to see that anything which might have a bearing on a subsequent lawsuit would be to some extent protected. Well, I think if any evidence could have been produced to show that they were given privilege or immunity, they would have produced it, because that would have saved a great deal of public discussion and removed any possibility of the industry being under a cloud, apart altogether from protection against attack in the courts when the report was made. Indeed, it would have obviated the necessity for making any report at all.

That is all I want to say at this stage. I shall have some suggestions to make later, because I believe the act needs expansion so that certain other services and so on may be included within its scope. So far as I am concerned, however, the evidence that has been produced and the discussion that has taken place here should enable parliament and the people of Canada to form a considered judgment and conclusion on this matter.

Mr. Drew: I have not made any comments on the explanation of the Minister of Justice in his extended review of the situation, but I think this is an appropriate point at which to make those comments, since they bear on the question in the minds of hon. members as to the effectiveness of the amendment proposed in section 1 of this bill.

There was a short discussion yesterday during which the minister explained that the amendment contained in section 1, which provides that the Attorney General of Canada may institute and conduct any prosecution or other proceedings under this act, is really only a statement in statutory form of what already exists *de facto*, and that the existing provision of the combines act which leaves prosecutions under the Criminal Code exclusively to the attorneys general of the provinces has not in fact deprived the Attorney General of Canada of effective power to proceed with actions under both the code and the combines act by the process of consultation and co-operation with the attorneys general of the provinces. In effect that is a correct interpretation of the present situation.

I do suggest, however, that there is another reason why hon. members should feel they cannot pass this section. It is true that a law of this kind does not name individuals, and does not provide that a particular attorney general may do a particular thing; but the effect of this amendment will be that the present attorney general will be able to prosecute under the combines act with a degree of authority which he does not now possess. I think hon. members of this house should question whether the present attorney general, no matter what his motives may have been, has given any good reason for our believing that the act will be strengthened and not weakened if he has a wider measure of authority for prosecution than he now has. It is because of the wider powers that, in form at any rate, he would acquire under this amendment that we must examine the explanation he has given.

The Minister of Justice quite properly took adequate time to review the whole sequence of events which have brought us up to this position. In that review he had full opportunity to explain every detail of the course which has been followed from December 29 last until today. I submit, Mr. Chairman, there is not one word in that explanation which gives any reason whatever for the failure to publish this report in accordance with the act. From the point of view of the relationship of the position between the Minister of Justice and parliament, the regrettable thing is that nowhere in his explanation has the minister indicated any recognition of the gravity of the offence to parliament and to our system in this country. Moreover, I submit there has been a regrettable absence on the part of any member who ordinarily supports the government of any evidence of recognition of the effect of a proceeding of this kind upon the reliance of members of parliament upon statements given to the house by the Minister of Justice or other members of the government.

In effect, what is the explanation? The Minister of Justice quite reasonably explains that he was in Winnipeg until the third of January, and that on coming to Ottawa he was confronted with an accumulation of problems which required his attention before the opening of parliament a short time later. He quite reasonably explains it was not possible for him to devote the time that he otherwise might have devoted to a reading of this report, and for that reason—it is a valid reason—the time set out in the act for publication passed. I do not think there is a single member of this house who would not accept the explanation of the Minister of Justice about the difficulties he encountered at that time. I do not think there is a single member of this house who would raise any serious question if there had been a delay in publication resulting from a situation of that kind. I do not believe any member would challenge the minister's explanation if he said: I was confronted with these problems. These are difficulties that every member, particularly one who has had cabinet responsibility, will understand. The minister could have said: I am simply stating that under the pressure of business I did delay publication so that I might have an opportunity of examining this report before publication, with the consequent effects that it might have, because as Minister of Justice I felt that when the report was released I should be in a position to make some statement as to the attitude of the government in regard to it. All that is so reasonable, and so much in accordance with the difficulties all of us encounter day by day in meeting our own tasks that no member would have been unreasonable in that respect.

That explanation, however, does not for one moment explain a ten months' delay. It does not for one moment explain the delay in publication until a date which made it impossible for any prosecution to be undertaken. I submit that is one of the very serious aspects of what has developed. It does not reveal why the explanation that has been given to the house on this occasion was not given to the house when parliament was meeting from January until April. No explanation that the Minister of Justice has given suggests for a moment that the same views in regard to the publication of this report were not present in the minds of the cabinet members and in his own mind at that time.

On the contrary, at the time this report first came to his attention he was aware of the effect of its contents. He discussed it

with the cabinet, as he has explained to us, and at that moment the Minister of Trade and Commerce (Mr. Howe) raised the objection which he raised about a week ago in the house when he interjected a statement about this report on a motion for supply and which, in itself, had no relation to the combines act. The objections which were stated by the Minister of Trade and Commerce as reasons for not publishing this report are the same reasons he has held since January. The reasons given by the Minister of Justice on this occasion are not consistent with the reasons which he gave to the commissioner in his explanation to him of the delay in dealing with this report under the terms of the act.

It will be recalled that in his letter to the commissioner he stated that the publication of the report was being delayed until steps could be taken to amend the act, in view of the effect of the judgment in the dental case which had been rendered last February by the Ontario court of appeal. I do not believe the Minister of Justice will suggest that the provisions of this act are retroactive, Mr. Chairman. I have heard no suggestion to that effect. If that is so, then I fail to understand what bearing the enactment of the proposed amendments could have had upon the publication of the report of an alleged combine in the milling industry.

Mr. Garson: If my friend will permit just a word of explanation there, may I say that provisions of the act to which he is referring are set out in clause 3 of the bill concerning certain rules of evidence. The law is that the enacting of these rules of evidence would apply to all prosecutions as from the time they come into effect, and in that inexact sense they might be regarded as retroactive, since such prosecutions may relate to past offences. These rules would apply, for example, to a prosecution launched upon the basis of the bread report. My hon. friend's remarks would apply to substantive law, but not to provisions such as these in clause 3 of the bill which are of a procedural and evidentiary character.

Mr. Drew: What the Minister of Justice has said is that the only part of this amending act which could have come within the scope of his explanation to the commissioner as having some bearing on the effect of the judgment in the dental case is section 3 of the bill before us. That is correct, is it not?

Mr. Garson: Section 3 is really the heart of the bill.

Mr. Drew: There is nothing, Mr. Chairman, in section 3 which has any bearing whatever on the attempts which the minister explains he was making to bring some measure of harmony and understanding between the senior government officials who were dealing with this matter, because the difficulty encountered in the presentation of evidence was all disclosed, not only when the Ontario court of appeal gave its judgment, but, long before that, in the trial judgment as well. Hence the difficulty about presentation of evidence and proof as to the association of certain officials and certain documents with what had taken place was clearly in the mind of the government; and if that is the heart of the bill, then there is no reason why this bill was not presented to parliament last spring, with the explanation which has now been given and with the opportunity which then would have been available to this house to express its views at a time when action might still have been taken, if action was deemed appropriate.

Moreover, I am inclined to think that the problem which the amendments proposed in section 3 seek to cover is not so much a problem of new rules of evidence as it is of the presentation of evidence. A careful examination of what took place in the dental case will disclose that without much difficulty the evidence could have been given which would have connected the appropriate documents and individuals with the alleged combine. In making this statement I am directing no criticism to those who handled the case. It would appear either that they were instructed or that they held certain views which in effect prevented judgment in this case.

I come back to this argument: If the meat of the bill now before us is merely an amendment as to rules of evidence and the establishment of association with an alleged combine in cases of this kind, then there is no explanation for this delay; because we did not need to wait until now for the presentation of this simple provision as to how evidence can be brought in that will be effective. These rules as to evidence can have no conceivable bearing upon the appropriateness or otherwise of publication of the report on the alleged milling combine.

I hesitate to say this, Mr. Chairman, because the Minister of Justice has sought to explain the details. But after all, this is the high court of parliament, and it is the duty of every one of us to state what he believes to be the obligation of each minister, of the government as a whole, or of individual members within this high court of parliament. The fact that we may make statements that are in themselves extremely critical or that imply grave concern about the position of any individual within this parliament, is

no more a personal matter than is the necessary statement by a judge or the necessary action by a jury in our courts because it is their duty not to allow personal feelings to restrain appropriate action or to call for action or for statements which would be unjust or inappropriate. It is our duty to state the position as we see it in the light of our understanding of the responsibility to parliament of the government and of individual ministers. In this light, Mr. Chairman, I can only say that the explanation given by the Minister of Justice makes the case infinitely worse than it was before he made it.

Let us come down to what the minister now tells us. He says that the core of the bill before us is merely a provision for more effective proof of certain documents and the more effective establishing of the responsibility of individuals to an association of this kind. If that is so, then by no stretch of the imagination does this amending bill offer the slightest explanation of the minister's failure to comply with the law when he could reasonably have done so, having regard to the difficulties he has explained as to his arrival here on January 3 with an accumulation of work before him. On the contrary, he has given to the commissioner, for his failing to act under the Combines Investigation Act, an explanation which, in the face of this bill and his present statement, simply does not hold water, and in itself challenges our opportunity to place full reliance on the explanations he has given.

Let us see what section 1 does. It is section 1 that we are discussing; the reference to section 3 arose out of the minister's explanation that it was the real core of this amending act.

Section 1 says that the Attorney General of Canada may institute and conduct any prosecution. It is so easy to forget that our established customs may be weakened, step by step, without full recognition of what is happening. Why should the attorney general, and particularly this attorney general, have wider powers and wider discretion when the discretion he has exercised in this case was a discretion not to prosecute without following the ordinary provisions of the act in regard to publication at the time? Everything that has been placed before the House of Commons is an argument why the present attorney general should have no greater responsibilities, but rather infinitely fewer. Every explanation that has been given is one which denies to the present attorney general that wider discretion implied by this amendment, even if it is only placing in statutory form what already exists *de facto*.

The explanation given by the Minister of Justice is a long one which seeks to justify the breach of law by the government itself. One of the explanations which I think should be given full attention is that there were changes in the report after January 14, by which time the report should have been published under the act. The minister speaks of different amendments. Mr. Chairman, this explanation is not one which can inspire confidence in the house in connection with any explanations given by the Minister of Justice concerning his responsibilities. The minister, and everyone who has had practical experience in dealing with reports of this kind, knows exactly what may happen under circumstances of the kind. I will go so far as to say that one member of the house particularly, who has had some judicial experience, knows of similar situations in connection with judgments of courts. While a judgment is held up and while a report under any statute is not presented, either a judge or an official will constantly refine and perhaps improve the wording. On rereading he may say to himself that a particular sentence does not express, quite as clearly as it might have, the opinion he had wished to express. He will change that sentence.

It must be remembered that the minister has told us that an effort was being made to bridge the gap which existed between the opinions of certain senior officials who carried on their responsibilities in different departments of government. It may well be —and I imagine it is so—that the commissioner under the combines act, while not in any way varying the sense of the report, sought to give an explanation which would leave no doubt as to what his opinion was in law concerning some of the discussions which had taken place. And that, I submit, Mr. Chairman, was a perfectly proper course, right up to the date the report was published. But it offers no explanation of the failure to publish the report; because we have the statement of the minister that he received a memorandum from the commissioner in January indicating to him when the report should be published. The evidence before us is conclusive that the commissioner felt all along that the report should be published. The withholding of the publication had no relationship in the commissioner's mind at any time to the minor amendments that were made.

So far as the present bill is concerned, I wish to leave no doubt as to our position in regard to the Combines Investigation Act. We believe that it is necessary legislation,

and that it should be strengthened and clarified. We believe that it should be strengthened from the point of view of effective prosecution, and we believe that every provision in the act must be adhered to by the government of the day and the members of that government—particularly the minister charged with ultimate responsibility under the act.

We believe also that the act should provide a mechanism which will prevent abuses, but at the same time not interfere with those associations which are not injurious to the public interest. That was the purpose intended to be included in the act under the provision that in order to constitute an offence under the act there must be a combine contrary to the public interest. We believe a much more effective way of handling this can be provided. We believe, in other words, that these amendments are inadequate. If the motion to refer the subject matter of the bill to a committee had been adopted—and I am not debating the decision in that respect—there would have been an opportunity to examine fully that point, and to make recommendations. At this stage, in the debate on the bill, it is impossible to provide for adequate amendments which would really make the act effective.

It may well be that some who are discussing the combines act may have different views as to its purposes. I really doubt if there are the differences of views which have been suggested. I believe it is immensely important that combines which are contrary to the public interest should be dealt with effectively. I believe that legislation—and effective legislation—of this kind is essential to the very type of the free competitive system in which I believe.

I am convinced that our idea as to the advantages of free competition is premised on the fact that there will not be a denial of competition by agreements between companies which have the effect of preventing improvement in quality, improvement in usefulness, and reduction in prices by competition. Failure to have an act of this kind which is really effective, and administered effectively by the government in office, is in itself an invitation to that very rigid type of economy with which I disagree, and with which I am sure most members in the house disagree.

Sometimes these discussions are related to a misunderstanding of definitions. I was interested this morning to hear a reference to competition, and the necessity for competition to keep prices down. That is what we believe in. When we talk about a free economy and free enterprise, we are asserting our belief that the individual man or woman in his or her home in this country benefits most from a system which by competition itself will improve quality and lower prices.

That has been the advantage of this system; and it is because of that system that we have on this continent today the highest standard to be found anywhere in the world. It is because we want to continue that system, to continue that competition and to continue the improvement of the living conditions which come from lowered prices, improved quality and improved usefulness, that we so strongly insist upon an effective act to prevent combines which would destroy competition and which are contrary to the interests of the people of Canada. That is why we are devoting so much attention to what has happened in this particular case and expressing such strong opinions about it.

The Minister of Justice was asked if he would give the assurance that under no circumstances in the future would there be a similar breach of the law—again with that detachment which it is our duty as members of this high court of parliament to observe. The minister's explanation yesterday in that respect was the most cynical statement I have heard since I came into the house early this year, and I regret that there have been a number of them. The minister did not say to the hon. member who asked him the question: I recognize the enormity of a breach by the Minister of Justice of the laws of parliament which every citizen is compelled to observe, and it will not recur. He did not say that. He said in effect—I do not pretend to give the exact words, but I trust he will not question my interpretation: The hon. member who has raised the question places a very low estimate on my intelligence if he thinks that I would let myself in for this much trouble again. That is what he said. I am sure the minister will not suggest that I have misinterpreted his reply. In other words, what he says is this: If we keep it dark, we will really keep it dark this time and will not make this mistake once more.

Mr. Garson: Mr. Chairman, on a question of privilege, I think I would be prepared to leave it to hon. members of this house to decide whether or not the interpretation the hon. member has placed upon my language is an unjust one. Lest there be any misunderstanding about the matter, may I say that in response to the question of the hon. member for Lake Centre, as has been reported, I said that he would be placing a rather low estimate upon my intelligence if he thought that under circumstances over which I had

any control I would let myself again be placed in this position, or, if I were, that I would not authorize publication.

I may say that my situation in the department now is quite different from what it was last January. I had nothing to do with the authorization or initiation of the flour investigation. I had nothing to do with it at all. About anything that is done while I am Minister of Justice I will be kept informed as it goes along. When the time comes that a future report comes down, I hope to have a fairly intelligent view of what the report is concerned with and its nature. This fifteen day period, which is altogether too short a time for anyone to know what he is publishing if he has never seen the report before, can be complied with only if the minister has been in the department beforehand and has some idea of how the investigation has proceeded, what it has dealt with, and so on.

The duty of conducting the investigation and making a report is by statute entirely upon the commissioner, but there is nothing in any part of the set-up which prevents the commissioner from conferring with his minister. If a minister is to avoid difficulty of this sort he should, at the time the report comes in, have a better grasp of the situation which is being dealt with than any minister could possibly have if he is new to the office.

Mr. Diefenbaker: Publication does not mean approbation.

Mr. Garson: My hon. friend says that publication does not mean approbation. When you have a set of circumstances such as we had here, while publication may not legally mean approbation, the fact is that if the government publishes a report on the authority of the minister it cannot help but create an impression all through the country that it approves it. The man in the street does not know about section 27, subsection 5; all he knows is that the government has published a report. So far as he is concerned he says: If they do not approve it, why do they publish it?

Mr. Knowles: The man in the street knows it now.

Mr. Garson: I do not think that would be true of all men in the street.

Mr. Coldwell: Is the minister suggesting that he is going to interfere with the independence of the combines commissioner?

Mr. Garson: No, sir; not under any circumstances.

Mr. Coldwell: That interpretation might be placed on the minister's words.

Mr. Garson: I am glad my hon. friend has raised the point. If my remarks are susceptible of that interpretation, I certainly did not so intend them. I do not think any better indication of my good faith can be found than my conduct all through this present difficult matter. Where there were circumstances under which I might have been tempted to do that sort of thing, I have scrupulously avoided putting the slightest pressure upon the complete independence of judgment exercised by the commissioner. But there is no reason why the commissioner should not keep his minister informed of the progress of an investigation as he goes along. My information from Mr. McGregor is that that is the practice he has followed.

Mr. Diefenbaker: Did the minister not try to have the commissioner make an addendum?

Mr. Garson: In this particular case I could not follow that course, because the report had been filed before I appeared on the scene at all.

Mr. Coldwell: Did he keep the former minister informed of the progress that was being made?

Mr. Garson: I am informed by the commissioner that he kept the minister informed. I would not say that he kept him informed as to the language of his report, but he would keep him informed as to the progress of the investigation. I want to emphasize the fact that no authority is required from the minister to permit the commissioner to carry on an investigation; it is done entirely on his own authority. But I do not think the act could be properly administered if the commissioner started an investigation and carried it on in complete secrecy, without keeping his minister informed, and then at the end of the period produced a report, placed it on the minister's desk and asked that it be published within fifteen days, whereupon publication would take place.

Suppose we had taken a different course from the one we did take. Suppose we had published the report and then came along as soon as we were able to resolve the facts, which took many weeks, say from the spring of 1949 to the fall, and said: We cannot prosecute, because we have no case. I do not mind the criticism that has been directed against me, and I do not think I have shown any indication that I have any personal resentment in the matter. I do not think there has been anything personal in it. But take the case I am speaking of; would that result in strengthening public confidence in the combines investigation commissioner?

Mr. Coldwell: Is it not extraordinary that the document upon which so much reliance

is placed now, which dealt with a matter of which Mr. Ilsley as Minister of Finance had knowledge, because he was being kept informed throughout the period from September 1947 to July of 1948, was not made available to the commissioner? If he was kept informed by the commissioner, why did not this document come to the attention of the commissioner, or why was it not a material factor in stopping the making of this report?

Mr. Garson: To which document is my hon. friend referring?

Mr. Coldwell: The memorandum of June 21, 1943.

Mr. Garson: That is a memorandum made by Mr. Hart, I think the name is.

Mr. Coldwell: Mr. Ilsley was present.

Mr. Garson: Yes, quite.

Mr. Coldwell: And he was subsequently minister of justice.

Mr. Garson: Quite right.

Mr. Coldwell: Then I cannot understand this at all. It makes it more difficult to understand.

Mr. Garson: I think not. I am afraid I am getting off on a tangent from the remarks of the leader of the opposition, but I do not think I can afford to ignore the point the hon. member for Rosetown-Biggar has raised. The memorandum to which he has referred sets forth the beginnings of the negotiation for the profit control arrangement that was imposed upon the milling industry. That profit control arrangement ultimately went into effect, and it was covered by the various orders in council, references to which are appended to Mr. Gordon's last memorandum. The position Mr. McGregor took, which is basic to an understanding by hon. members of this whole difficulty, was that he did not deny the existence of the arrangement with regard to subsidy and profit control contemplated in this memorandum. In that respect he could communicate with Mr. Ilsley on any number of occasions and there would be no point at issue between them at all.

Mr. McGregor's difficulty was simply this. He said that although the subsidy and profit control arrangement might be in effect, in his view it was essential that the milling industry should preserve free competition below the price ceiling in order to keep the prices of these products at all times as low as free competition would take them. His view was that if the milling industry did not do that, it should be prosecuted, because that was an offence against the Combines Investigation Act.

[Mr. Coldwell.]

Mr. MacInnis: Did Mr. Ilsley disagree with that position?

Mr. Garson: This is a rather subtle point to get over.

Mr. Drew: It is very subtle.

Mr. Garson: It is not often you get such a strongly held cleavage of opinion about a point which is not so clear, shall I say, as those which ordinarily form the basis of cleavages of opinion. Mr. McGregor's position was that competition should take place below the ceiling in order to take the price down as far as it could go under free competition. Mr. Gordon and Mr. Taylor, who had responsibility for the enforcement of all these arrangements, simply scorn that idea. They say that if the government steps in, provides a subsidy, and, after long negotiations and a voluminous report by a firm of chartered accountants, finally decides upon the approximate amount that the treasury would have to put up in order to pay that subsidy so that flour can be sold to the consumer at the ceiling price on the basis of 77⅜ cents for wheat, then that is the government policy. Having decided to put up tens of millions of dollars to subsidize the cost of flour to the consumer, the government did not want to have to put up some indeterminate figure, running into tens of millions of dollars more, because under the profit control arrangement the millers might push down by competition the price of flour to the consumer at the government's expense. If the government had wanted the price of flour to go down to two-thirds of the level of the ceiling price, it would have put up more subsidy in the first place, and in that event the higher subsidy and lower ceiling price would have been government policy.

Having gone to a lot of trouble to determine the amount the government was prepared to pay by way of subsidy, and to fix the price of wheat that goes into the making of the flour, and to fix the ceiling price on the flour, and to place the industry under such rigid profit control that the millers were compelled to pool all their export profits on which there was no ceiling, Mr. Gordon and Mr. Taylor say it is simply preposterous to imagine that the government should lose that control by free competition below the ceiling. That is the difference between the two viewpoints.

In answer to my hon. friend's fair question, the point I am making is that I do not think it likely that Mr. Ilsley, with all the multitudinous claims upon his attention and the load he had to carry, would burden his mind sufficiently with the implications of

this arrangement, in order to raise this point if Mr. McGregor, who was much more closely in touch with it as enforcement officer, did not do so.

I respect my hon. friend's opinion for what it is worth, and I will give him mine. The hon. member says if the milling industry had raised these points with Mr. McGregor, then the report would not have been made, and the present difficulty would not have arisen. Perhaps there is some element of justice in his observation; but remember that when the law moves in on a man he is not likely to be in a very communicative frame of mind. That is especially so when, as before the war, there was some foundation for thinking that all the practices of the industry might not have been absolutely regular, and when, even during that same period, there were questionable communications being exchanged—something which we all have to face, even the government. In a case of this kind the man who is being investigated is more than likely to say: I had better sit tight and see what happens.

The hon. member has presented his hypothesis. Let me put one. I suggest if Mr. McGregor, who worked as enforcement officer on the recommendation of Mr. Gordon and under Mr. Gordon and the wartime prices and trade board, at any stage in the production of the report had had one single conversation with Mr. Gordon as to Mr. McGregor's theory that there should be unlimited competition below the ceiling price, then I certainly think there would have been no report. That is one of two or three different things about this question that I cannot understand.

Mr. Drew: We are in the same boat there.

Mr. Garson: I hope I am not lacking in frankness in these matters. I will admit it seems inexplicable. I do not understand why a man who had worked as an enforcement officer of the wartime prices and trade board under the chairmanship of Mr. Gordon would undertake, at different points in the report, to state what was the policy of that board, and to put an interpretation upon that policy, affecting the milling industry, upon which the whole report is largely based, without at any time even having a single conversation with Mr. Gordon, who had been chairman of the board.

Mr. Coldwell: Let us take one or two of these points. First of all the minister said—

Mr. Garson: I am afraid we are being discourteous to the leader of the opposition.

Mr. Coldwell: With his permission, I would just say this. In the first place, the minister has made a great deal of the combines investigator moving in on the business. But that was not for the purpose of prosecution; that was for the purpose of investigation. If they could give a reasonable explanation, there would be no prosecution, so they would have nothing to fear.

In the second place, we all knew Mr. Ilsley in this house and the meticulous care with which he examined every detail. To my mind it is most extraordinary that Mr. Ilsley, who was a party to or had knowledge of the memorandum to which I referred, and who was minister during a major portion of the time the investigation was proceeding, almost one year, would not have raised this point with Mr. McGregor and stopped the investigation.

With regard to the financial advantage the minister has claimed for the government with respect to this memorandum, what do the millers themselves say? If we look at page 111 of the report we find this:

> Another representative wrote in 1945 that he recognized that "no agreement has ever worked one hundred per cent, but" he added, "by working seventy-five per cent it means a lot of extra dollars in the treasury."

That is their treasury, incidentally.

> In oral evidence he stated that this was his estimate of successful operation in 1945 in the west. On being questioned he conceded that conditions had been better in this respect in 1946, and better still in 1947 (evidence, pages 531-2). The effectiveness of the agreement on prices of one product, rolled oats, was estimated by the head of another company in 1938, not in percentages but in dollars and cents, when he wrote that ". . . the rolled oats conference has made us real money during the past five or six years. We estimate it has been worth $75,000 to $100,000 a year more than we got during the preceding years . . ."

Mr. Garson: I think it is only fair that I should interrupt right away, because by reading these extracts my hon. friend, unwittingly, is going to convey quite a wrong impression to hon. members. If before the war there were price fixing agreements, obviously they would be to the benefit of the treasury of the milling companies. But when this profit control arrangement was in effect, the milling companies could have had price fixing agreements until they were black in the face and they could not have made a penny by them, because anything they made would go back to the government in excess profits.

Mr. Coldwell: Then why did they try to get price fixing arrangements, if such arrangements would not inure to their benefit?

Mr. Garson: I am not saying they did, but a conceivable reason why they might do so, and why perhaps they did so, would be this. As I explained to my hon. friend, the price structure which was frozen by this government order was highly complicated in the

flour industry. Since different firms had different ceilings, some had to sell below the ceiling in order that business might be carried on, because if they did not drop their prices in order to meet those of their competitors they could not get any business. So there was bound to be a certain amount of selling below the ceiling price, and the government recognized this from the start. But the government told the milling industry—and this is not open to any question; these are the uncontradicted statements of highly responsible men who were in charge of these matters—that it had decided how much it was going to put up by way of subsidies to the industry, and that it did not want to put up any more. Therefore the government would tolerate this competition to iron out these anomalies of the frozen price structure, but if there were any greater amount of competition beyond that necessary extent the government would step in and take away from the industry the benefit of the subsidy, to the extent necessary. Therefore it was in the interests of the industry to minimize that competition in order to maintain the benefits they were receiving in the form of the subsidy. There can be no question about that.

Mr. Coldwell: But apart from the subsidies, the returns to the millers, according to the reports of the Bank of Canada, went up after that year by year.

Mr. Garson: No.

Mr. Coldwell: I think so.

Mr. Drew: Mr. Chairman, I do not want to interrupt this very interesting discussion, but I would not want to be placed in the position of having to suggest that the minister was adopting a one-man filibuster on this bill.

Mr. Garson: I want to be courteous to my hon. friend the leader of the opposition, and at the same time I want to be courteous to the hon. member for Rosetown-Biggar, and I am finding that a difficult task. I must apologize if I have interrupted my hon. friend.

Mr. Drew: I recognize that the minister did reply to questions which were asked, and I did not want to interrupt the discussion.

Mr. Coldwell: I thank the leader of the opposition for permitting me to ask some questions at this point.

Mr. Drew: I should like to complete what I was saying, and the questions may be asked afterwards.

To come back to the point I had reached in my discussion, I wish to leave no doubt as to the exact words I referred to as having been used by the minister so I quote from page 2147 of *Hansard* of yesterday, where the minister is reported as having said:

> Well, Mr. Chairman, I thought my hon. friend had greater respect for my intelligence than to ask for an assurance of that kind. If he stops to reflect for a moment on the difficulties that he must know I have had to face in connection with this matter, he will feel quite sure that upon the lowest possible basis of self-preservation he need have no fear for the future.

I suggest those words were correctly interpreted in what I said, subject to the fact that I made a subsequent observation with which the minister may or may not agree, but which did express my own opinion as to what those words really meant. I am definitely convinced that what the minister has just said to this committee demonstrates that far from recognizing the seriousness of what has happened—and I cannot overemphasize my own realization of that seriousness—the minister really thinks it would be a good thing if embarrassment of that kind could be avoided; and I cannot see any evidence that he has any other thought on the subject.

Mr. Garson: Then let us clear up that point now, if we may. I think it would be a good thing if embarrassment of that sort could be avoided, and I also think the best way to avoid that embarrassment is to publish in accordance with the act. I mentioned the lowest ground of self-interest, but that would be equally advisable upon higher grounds, upon grounds as high as my hon. friend likes. I do not think I could be any more specific than that; but if this matter is worrying my hon. friend he might write out a reasonable formula, and perhaps I would agree to subscribe to it. I would not want my remarks yesterday to be misinterpreted. May I say that there was no meaning intended such as my hon. friend has taken from them.

Mr. Drew: Well, Mr. Chairman, I have no desire not to co-operate in any way possible, but I would know in advance that any memorandum I might prepare would not be acceptable; therefore I will save my time in preparing it and the time of the minister in reading it. Perhaps what I would prepare would have some relation to what I find in one of the many editorials that have been written dealing with this subject. I do not think I have seen the core of the really serious aspects of this matter more clearly brought into focus than they are in an editorial appearing in Toronto *Saturday Night* of November 22—a highly responsible publication which has not at any time indicated partiality against the government in its discussion of public affairs. After a review of

certain events under the heading "Law-breaking ministers", I find this in the issue to which I refer:

> It is a most dangerous attitude and one which, if allowed to go unrebuked, will extend eventually to even more important matters, if that be possible.
>
> That the report was unjust to the milling industry, and that the government would have been ill-advised to take action upon it, is in our opinion entirely true, but has nothing to do with the case. The law does not say that the government may suppress any report by the commissioner which causes it uneasiness, or with which it disagrees, or which it thinks likely to cause undue agitation in the public mind. The law says that the reports of the commissioner shall be made public within fifteen days; and the whole object of that provision was, as our Ottawa correspondent pointed out last week, to put the reports beyond the reach of any possible political pressures.
>
> In the United Kingdom, we do not hesitate to state, the unearthing of a situation such as this would lead to the resignation of at least the minister chiefly concerned. If the political atmosphere of Canada were as healthy as that of the United Kingdom—if electors demanded the same standards of their responsible rulers, and if rulers had the same sense of obligation to parliament and to the country—the same result would follow here.

This is not an overstatement of the seriousness of the situation with which we are confronted, and the attitude of the minister. If the minister had said: I came to Ottawa only on January 3; the report had been presented on December 29, and I remained in the west to clean up certain details; when I came here I was confronted with the necessity of preparing for parliament and I was not able to attend to this for a while; as Minister of Justice I have no discretion in regard to publication, but I did want to know something of what it was about; therefore, there was some delay which I regret. If this had been said, every hon. member would have agreed that we could not be critical of so reasonable a position. This default is continued, however, and when the explanation is given it is clear that the Minister of Trade and Commerce did not want the report published, and the Minister of Justice was not prepared to create an issue such as would have resulted, under our system, in the resignation of the minister. That is the situation.

Instead, however, the minister comes here and says he is assuming the responsibility. This morning he says, in effect, that a thing of this kind will not happen again; remember that on this occasion I did not have an opportunity of reading the report before publication. Why should he, unless he believes he should have an opportunity of reading it before it is in final form? What does that mean? Is there any hon. member who can misinterpret what the minister has in mind, that the report should be the subject of discussion before it is published? The purpose of publication was stated by the one who moved in this house the insertion of that section of the act, Mr. Mackenzie King. In his explanation of the purpose, he emphasized the prophylactic power of publication, and the independence of the officials in carrying out what they thought to be the necessary exposure of the conditions they had found, without the intervention of the government or any member of the government. That was the intention of this idea of publication. I believe it should be carried out.

I could easily put into the minister's mouth words in the form of verse which do seem to sum up his attitude. He will find them in Gilbert and Sullivan's "Iolanthe":

> The law is the true embodiment
> Of everything that's excellent.
> It has no kind of fault or flaw,
> And I, my lords, embody the law.

In other words, never mind what parliament has passed; never mind what the responsibility is under the acts that those elected by the people pass; if we think anything might result from this with which we do not agree, then we will assume the responsibility as members of the government for changing the law, in effect if not in actual words.

I heard a comment a moment ago about quoting Gilbert and Sullivan which was not loud enough for the reporter to hear. As a matter of fact, Gilbert and Sullivan might well be quoted in respect to certain aspects of this matter. There is another reference to Gilbert and Sullivan which might be applied to another minister. I believe he well occupies the role of Pooh-Bah in another famous play which perhaps is better known than "Iolanthe". Nevertheless the fact that the ministerial Pooh-Bah is running not only his own department but the Department of Justice as well is no explanation for the Minister of Justice waiting ten months to get on his feet and resist that overriding power, with the qualifications he made, as soon as he had found out what it was all about.

For ten months, the government has been in contempt, and deliberate contempt, of parliament. The longer the explanations are that are put before us, the more it is emphasized why this government still thinks it had the right to break the law under the circumstances which existed at that time. If that explanation is sound, then it applies to other responsibilities of the government. If that explanation is sound, we have no way of knowing whether there are any other reports that should have been made or any other things this government should have done which it has failed to do under the

same comfortable doctrine. It strikes at the very root of our system of responsible government.

I think it is time for us to recognize, Mr. Chairman, as has unfortunately been recognized too late in some other countries, that the first line of defence of our free society is not the Oder or the Rhine, but is right here in parliament. The first place for us to defend our free society and our system is the place where that freedom can find its guarantee, if the full responsibility of parliament is exercised as it was intended to be exercised.

If the present explanation is accepted, there is no assurance that this intolerable situation is any nearer an end than it was when this default was exposed so reluctantly. Who will forget the incident when the Minister of Justice was prepared to table the correspondence and the Minister of Trade and Commerce (Mr. Howe) said, "No, no."

Mr. Diefenbaker: The veto power of the government.

Mr. Drew: It is the veto power carried right into the government.

Mr. Fournier (Hull): Mr. Chairman, may I interrupt on a point of order? I shall not follow the trend the leader of the opposition has followed for the last two days. We have been dealing for quite some time with section 1 of the bill. There is a rule with which speakers are obliged to comply, and that is standing order 58. It reads:

> Speeches in committee of the whole must be strictly relevant to the item or clause under consideration.

When the chairman took the chair, he read to the committee the item under discussion, which is an amendment to the Combines Investigation Act by which the Attorney General of Canada may institute and conduct prosecutions, a right which he has not at the present time. I know this is an interesting debate. I myself have followed it with great interest. I have listened to the arguments pro and con. There have been lengthy arguments, not only from the opposition but from my colleague. So much time having been taken in the discussion, if we are not now convinced that the opposition is right or that the government is right, I doubt if we ever shall be. I suggest to hon. members that from now on we confine the discussion to the matter before us, in compliance with standing order 58, and try to limit the arguments to the amendment which is before the committee. I will ask for a ruling by the chairman, if not before one o'clock, then later.

I do not often intervene in these debates, because I get more enjoyment out of listening to other people speak than out of speaking myself. But I have listened to a great deal of discussion, and I see that our minds will never meet. The leader of the opposition has his own views, others have their views, and we have ours. But the various views have been repeated and repeated by those who have spoken, and few new arguments have come out of the debate this morning. I therefore ask, Mr. Chairman, that we comply with standing order 58.

The Chairman: We are not discussing the principle of the Combines Investigation Act. We are discussing the principle of an act to amend the Combines Investigation Act, which is not the same thing. On the first clause I think it would be permissible to discuss, not the general principle of the Combines Investigation Act, but the general principle of an act to amend the Combines Investigation Act. There are three sections in this bill. The matter dealt with in section 1 is: Attorney General of Canada may institute and conduct prosecutions—we have discussed that; section 2: corporations to be tried without a jury; section 3: evidence. That is all that is dealt with in this bill. I think we have had a general and orderly discussion on the principle of an act to amend the Combines Investigation Act; and I would ask hon. members to confine their remarks to section 1 only.

Mr. Drew: I am glad to have that ruling, Mr. Chairman. I had almost concluded my remarks, all of which, I submit, have been directed to the reasons why this committee should be greatly concerned about extending any further powers to the present attorney general, and particularly with regard to extending to the attorney general the power to institute and conduct any prosecution or other proceedings under the act or the Criminal Code.

The Chairman: Not in regard to publication; in regard to prosecution. That is not the same thing.

Mr. Drew: That is right. The present Minister of Justice has broken the law, and I submit that he has no right to prosecute any Canadian for breach of this or any other law. He has put himself in contempt of the law of parliament, and of the house in which he sits today.

Mr. MacInnis: As to section 1, the section under discussion, ordinarily I do not believe there would be any disagreement in the committee. My understanding of the Combines Investigation Act as it stands is that

prosecution, or the question whether there shall be prosecution, is first referred to the attorney general of the province in which the industry is located. If the attorney general does not prosecute, then the Attorney General of Canada, the Minister of Justice, may do so. What is involved in the amendment is concurrent jurisdiction in the matter of prosecution. I think that is correct. I have no objection to that. But so far as the section refers to the Attorney General of Canada—and that does not necessarily mean this Attorney General of Canada—I submit that the present Attorney General of Canada has put himself in the position where he should not ask for nor be given any further authority under this act. The fact of the matter is that throughout the country the suspicion has been created in the minds of the people that the present Minister of Justice, indeed the present administration, is not favourable to the purposes of the Combines Investigation Act. The thing that should be done now is that the Minister of Justice should resign and that the government should appoint a new minister of justice to administer this act.

The Chairman: Shall section 1 carry?

Mr. Knowles: One o'clock, Mr. Chairman.

Mr. Weir: There are two minutes yet.

Mr. Fournier (Hull): Can we not carry section 1?

The Chairman: Shall section 1 carry?

Some hon. Members: Carried.

Mr. Knowles: One o'clock.

Progress reported.

At one o'clock the house took recess.

The house resumed at three o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL DEFENCE

Demobilization and reconversion—

250. To provide for the defence forces of the navy, army and air services, and to authorize total commitments for this purpose of $547,497,388, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $401,942,006, and commitments for future years of $145,555,382, against which commitments it is estimated that actual expenditures in 1949-50 will not exceed $339,442,006.

Hon. Brooke Claxton (Minister of National Defence): Mr. Chairman, some questions were asked which I should like to answer at this time. The date of the naval order with regard to Canada badges, asked for by the hon. member for Three Rivers, was May 13, 1946.

The number of privates in the Canadian army (reserve) at October 31, 1949, is approximately 24,000. I say "approximately" because a return was requested from local commands on October 31, 1949, for this information. The information is collected at local commands, and had to be verified from certain units. We have received final returns from the areas representing 70 per cent of the strength, and extending the figures from the areas definitely reporting so as to cover the whole, gives a figure of approximately 24,000. That would be correct within 100.

The hon. member for Nanaimo asked questions with regard to air crew. In Canada at the present time there are approximately 60,000 men now in civilian life who during the second world war served as pilots, navigators, wireless air gunners and bombardiers. Approximately 47,000 have signified their intention of joining the armed forces again should a state of emergency arise. Because of age and physical factors the percentage of those suitable for employment in air crew duties will be reduced progressively each year.

In the R.C.A.F. itself, out of a strength of 16,356 there are 1,630 who are qualified air crew in the regular forces. Out of 3,086 in the air force auxiliary 471 are air crew. During the fiscal year 1949-50, it is estimated, approximately 200 men will qualify as air crew. There are now seven channels through which men may be qualified for air crew:

1. Men entering the R.C.A.F. from civil life for long service commands;

2. Men entering the R.C.A.F. from civil life for short service commissions;

3. University undergraduates who, as flying cadets, qualify as air crew throughout full-time work during the summer;

4. Cadets at Royal Roads and R.M.C. who will similarly qualify as flying cadets;

5. Serving officers in air crew trades which have been abolished—gunners, and flight engineers—who are being retrained as pilots, radio officers or navigators;

6. Serving airmen who have applied and have been selected for air crew training; and

7. Civilians with previous R.C.A.F. experience either as officers or airmen.

That covers all the classes by which men may be qualified.

Mr. Pearkes: The total number is 200 out of all those classes.

Mr. Claxton: Yes, 200 for 1949-50. At the present time the intake for air crew and the

production of qualified men is sufficient to meet the requirements of the R.C.A.F. or to fill the gap until new air crew could be trained in the event of an emergency.

Mr. E. W. George (Westmorland): Mr. Chairman, I do not wish to prolong the debate unnecessarily, but in view of some of the remarks of hon. members in the opposition I feel it my duty, both as a member of the Canadian reserve army and as a member of parliament, to correct some of the impressions which have been given.

First I want to congratulate the minister upon the able way in which he has presented the report of his department to the committee. The minister is also to be congratulated upon having the courage of his convictions in asking for an investigation into the affairs of the Canadian navy, and for his subsequent publishing of Admiral Mainguy's report in full. I intend to leave the high-sounding philosophy on the theory of defence to the opposition, and to deal with the facts as I see them in relation to the reserve army.

Before the outbreak of the last war we had two armies in Canada, namely the permanent force and the non-permanent active militia. These two forces were governed by the same book, but actually were two distinct forces, with not too much good feeling between them. We had different rules and regulations in regard to training, pay, rations, clothing and equipment. In spite of all this, history has proved that we would not have been able to field the troops we did at the first of the war had it not been for the excellent work done by the N.P.A.M. between the wars.

Today, thanks to the policy laid down by the Minister of National Defence, we have one army. There is a good feeling of comradeship between those in the active force and those in the reserve force. All of us draw the same pay and allowances. We draw the same rations and wear the same clothing. Our training is the same; and it is the aim of all reservists to become as proficient as those in the active army. Those of us who were in the N.P.A.M. between the wars and are in the reserve army now, are most grateful to those who have laid down this policy and saw to it that it was carried out. The aim of those in the active army, from the top to the bottom, seems to be that of furthering the interests of the reserve army. After all, that is one of the main sources of manpower for Canada's army in the event of war.

[Mr. Claxton.]

The hon. member for Calgary East, speaking in the house on Friday, November 11, made the following statement as reported at page 1689 of *Hansard*:

> However, I think everybody admits that there has been extreme difficulty in getting men into the reserve units. The recruiting campaigns which have been put on have been flops.
>
> In Calgary we have had two or three army weeks that I remember, during which the various units came down town with pieces of their equipment. This equipment was put in prominent places such as busy street corners and so forth to be seen by the people. Posters were put up. Advertisements were put in the newspapers. Talks were given on the radio, and so on, all designed to draw in recruits for both the reserve force and the permanent force. So far as the reserve forces are concerned, these means were just hopeless. Very few recruits were secured as a result of them, in Calgary at any rate. I understand the same thing was true across most of the country.

Speaking on the same day the hon. member for Kamloops said, as reported on page 1695 of *Hansard:*

> If we are to play an effective role in defending our own territories, we must be able to put in the field an effective striking force within weeks or at the most a month of the time of the outbreak of hostilities. Is our reserve force capable of expansion in that way, to fill the role which that picture thrusts upon it? It certainly is not.

A little further on the hon. member said:

> If my hon. friend who asked me the question, or any other hon. member who is interested, will take the trouble to consult with the commanding officers of any of our reserve units, he will find the answer to his question. Those officers are reluctantly compelled to say that their units would not be battleworthy for a period not of weeks or a month, but of months or a year. We therefore have not a reserve force capable of taking the field, under present conditions, within less than a year from the outbreak of hostilities.

I quote those examples because they are typical of the criticism which has been levelled against the government and the reserve army. I do not propose to tell the committee what is wrong with other units in Canada; rather I propose to tell hon. members about one unit that has been able to recruit all the soldiers it wanted and to train them efficiently. There certainly are several units in Canada which are outstanding, and what I say in connection with one probably has to do with them all.

I refer to the Eighth Princess Louise's (New Brunswick) Hussars, fifth armoured regiment, with headquarters at Sussex, New Brunswick. Lieutenant Colonel G. R. H. Ross is the officer commanding and I have the honour to be second in command. I shall not go into the history of this regiment except to say that it is a very old unit and had a good war record in the recent war where it served throughout with the fifth Canadian division.

Upon being discharged from the active army in 1946 those members of the overseas unit who were interested were struck off strength to the reserve unit, the second regiment which had carried on during the war. A short summer camp was held in 1946 and I believe we were the only reserve unit in Canada to go into camp that year. The following year the unit trained at Camp Utopia, New Brunswick. In the meantime the four squadron headquarters had been established with A and B squadrons at Sussex, C squadron at Sackville and R.H.Q. at Hampton. This meant that we had personnel spread over a radius of 100 miles, which gave us a number of self-accounting units. This in itself is good training for the personnel concerned.

Recruiting was slow at first but those with the interests of the unit at heart soon developed a system which worked. We had been supplied with sufficient building accommodation for an armoured unit together with tanks and wheeled vehicles. This with the stores required for general military training and an A and T staff gave us enough to make training constructive and interesting. General military training was carried out at local headquarters and all armoured corps training was carried out at Sussex. We found that the recruiting campaigns made people think about the armed services and then all that was required was a little personal contact. Today our unit is within one hundred of being up to strength and we attribute this to the following:

1. Efficient administration, at all levels.

2. Well "laid on" progressive training leading to the qualifications of trained soldiers and tradesmen.

3. Good "Q" management—this includes good meals, sufficient clothing of the right size, regimental badges, flashes, ties, et cetera. All personnel attending week-end schemes or special courses are issued with sheets, pillow slips, pillows, blankets and the barrack rooms are conducted properly.

4. The social life of the unit. No unit can exist wholly on its social activities, but they are very necessary to maintain a proper level of military life.

All the items just mentioned should be the usual and not the exception. By making military life in the reserve army interesting and constructive, we built up an esprit de corps which, as you all know, is the secret of any unit. I cannot agree with the hon. member from Calgary East that it is hard to get men into the reserve army, nor can I agree that the recruiting campaigns which have been put on were flops. On the contrary we find these recruiting campaigns a great asset. In fact, on checking the records I find that allowing for wastage the strength of the Calgary reserve army units as at October 31, 1949, compared with the strength as at October 31, 1948, shows a net gain of 17·7 per cent. This shows that these advertising campaigns were not a flop in the hon. member's constituency as he suggested.

In my opinion no unit will ever recruit by waiting for the men to come to it. Each man presently on strength has a friend and he in turn has a friend and if the soldier is sufficiently interested he can bring several of his friends into the unit. We can bring our unit up to strength at will, and this will be done during the next recruiting campaign. There are, of course, always a number of non-effectives. In the case of officers and N.C.O.'s they are immediately struck off strength if they do not attend training without having obtained permission to be absent. In the case of other ranks an attempt is made to ascertain why they are not attending and if they persist in not attending, then they too are struck off strength. Of course, personnel can be forced to attend training under the Militia Act, but we do not want anyone on strength who does not want to belong.

In 1944 at the battle of Coriano Ridge, which was one of the battles of the Gothic line, members of the unit came across a badly wounded colt several days old beside her mother which had been killed during the battle. The colt was taken to the M.I.R. and patched up. The colt lived and was taken with the unit as a mascot. Eventually, the mascot went with the unit to northwest Europe and eventually was shipped to Canada. This colt, named Princess Louise, has become a member of the Hampton branch of the Canadian Legion and is also a member of the reserve unit. On all ceremonial parades and guards this mascot leads the parade. This unit put on guards of honour for both Viscount Alexander and Field Marshal Montgomery, and Princess Louise formed part of each parade. The presence of this mascot has helped to build morale within the unit and has helped recruiting.

For the past two years we have taken more troops into summer camp than any other unit in Canada and in each case could have taken far more than our allotment. The winter training done at local headquarters and at R.H.Q. trains the soldier for the specialized training he will get at summer camp. The troops enjoy summer camp and there is always a high percentage who would like to remain for additional training.

As you all know, a tank driving range requires a lot of territory, and since the tanks

are so heavy it is impossible to transport them around the country without doing permanent damage to certain bridges, and roads. As I mentioned before, all armoured corps training was of necessity carried on at R.H.Q. at Sussex. Each squadron must attend one week end training period per month and one week end is reserved for officers and N.C.O.'s. This is all specialist training, which in the case of other ranks can lead to qualification as tradesmen.

In addition, there are many schemes arranged with other units in the area. Three weeks ago, for instance, there were over 600 personnel quartered in our lines doing a tank-cum-infantry scheme. Last year we put on a tank-cum-infantry scheme with the air force and artillery in support. Two weeks ago we were hosts to the area shoot at which every unit in the New Brunswick area was represented. You can see by this that the attitude toward the reserve army in New Brunswick is very good. In fact, according to figures published in the press recently, the province of New Brunswick had more personnel in the reserve army per capita than any other province in Canada.

An important part of the work of a reserve army is sponsoring cadet corps. We have affiliated with us five cadet corps. These corps are trained under direction of the area cadet officer together with what help we can give them with our own officers and N.C.O.'s and with the A and T staff. The members of these cadet corps are brought into R.H.Q. at least once a year and are given a practical knowledge of tanks and wheeled vehicles on strength. Annually we present a suitably engraved cup to the best affiliated cadet corps. We find that these cadet corps provide a steady stream of recruits for the reserve army.

Our percentage of overseas personnel in the ranks in relation to recruits is rather high. Twenty-two per cent of the other ranks had service with the active force during the recent war. Sixty per cent of the N.C.O.'s and 80 per cent of the officers served with the active force. In my opinion this is exceptionally good, and is of great benefit in training recruits. There are many officers and N.C.O.'s in the area who are fully qualified and yet have been unable to get on strength of a reserve unit because the complement is full. To overcome this, and to give reserve units the advantage of having additional trained officers and N.C.O.'s at their command, the department has allowed us to take on additional personnel from the supplementary reserve officers list up to our war establishment in equivalent ranks. We are also allowed now to take on W.O.'s and N.C.O.'s surplus to establishment up to 100 per cent of our war establishment.

[Mr. George.]

The minister has made the statement several times that the 8th P.L. (N.B.) Hussars is the largest and best reserve unit in Canada today. We are very proud of this fact. It is our intention to bring this unit up to strength in the near future, and to maintain its standard of efficiency.

The hon. member for Kamloops made the statement on page 1695 of *Hansard* for Friday, November 11, that if we take any year from 1924 to 1938 or 1939, we shall find that the size of the reserve army is substantially in excess of the reserve army today. Although the reserve army strength before the last war was higher than it is today, nevertheless this was to some extent a paper strength, for we were training only 64·4 per cent of our total strength at that time, while we have been training an average of 86·4 per cent over the last four years. As a matter of fact, last year was one of our best years when we were training 92·2 per cent of the reserve army. Training today, compared with that between the wars, is so far superior that figures do not tell the truth. We are actually training today with sufficient men, equipment and buildings, together with good training at summer camps and summer schools. The men are really efficient, and many of them are ready to take the field, whereas between the wars, as we all know, training was of very little value.

Those of us who were in the N.P.A.M. between the wars remember well the conditions under which we trained. I personally remember when all ranks contributed their pay to regimental funds in order that we could hire horses and pay expenses to go into camp. When we were formed into an armoured unit around 1938, we were not allowed to train sufficient personnel, although we did get some money for the hire of cars which we used in lieu of tanks. In 1939, a few months before war broke out, we took into camp our authorized training allotment of fifty-five all ranks. I want to impress on all hon. members again that this was only a few months before war broke out. These conditions do not exist today. We have sufficient equipment and are allowed to take into camp enough personnel to assure a high standard of training in the reserve army.

At the present time I do not feel that Canada needs or can afford a large standing army. There is only one source of money, and that is the Canadian taxpayer. If the money is spent on defence it is not available for the many other needs of the country. There is sufficient money allotted to the reserve army today to train it efficiently. Some members of the opposition have voiced the fear that this money is being wasted.

I know that it is not being wasted in my own unit, and I cannot entertain the fears expressed by so many of the opposition that we could not recruit quickly enough today in the event of hostilities breaking out. I was in Toronto the other night at the royal winter fair, and there was a guard of honour put on by the reserve army. I think it indicated the state of training of a good many of the units of the reserve army. The Irish regiment of Canada from Toronto provided the guard of honour for the vice-regal party, and it was exceptionally well done. I think they should be highly praised for their efforts.

In conclusion, Mr. Chairman, I feel that if my own unit, together with several other units in Canada, can accomplish what we have under the existing regulations there should be no reason why other units cannot do equally well. It shows there is nothing wrong with our system, and we know by experience that we have sufficient equipment and material to make the program a success. There are local conditions which affect each unit differently, but surely these can be overcome by those who so successfully overcame the obstacles presented to them in the last war. To those who doubt the efficiency of the training being carried out in both the active and reserve army, I suggest that they arrange with the minister to visit units so that they can see for themselves the efficient way in which the program is being carried out.

By comparison with the N.P.A.M., and having in mind the success which we had in mobilizing the forces at the outbreak of the last war, I am convinced that we are in a far better position than ever before in the history of this country, and that we could mobilize our forces today quickly enough to take care of any emergency.

Mr. T. L. Church (Broadview): I wish to offer some constructive suggestions to the government in connection with these estimates, and especially item 250. My suggestions are not made in criticism of what the minister has been doing, far from it. They are suggestions with which I think he will agree once they are presented to him. I am not a military man, but I have seen a great deal of the good work which the department has done. First of all I should like to refer to the book which the department has brought out covering many phases of its activities. One of the matters referred to in it is the union of the services. The United States have had the same trouble. You may remember after the Pearl Harbor disaster, and after the close of the war, they had the same trouble under two or three of their leaders. They tried to unite into one organization the army, navy, air force and other services. We saw what happened there. Since that time there have been effected some changes which have been brought about by the new conditions now existing.

I want to call attention to a book by Lord Vansittart entitled "Lessons of my Life". He was the British ambassador to Germany for fifteen years. In his book he warns the world about the disaster that is surely coming between the east and the west. I say the minister would be well advised to ponder, hearken and listen to what the ambassador has said because he has offered some good constructive advice along these lines. In *Everybody's Weekly* of November 12, 1949, Lord Vansittart has called attention to the grave danger awaiting the world arising out of our association with the Soviet union, which never intends to carry out anything it proposes.

This is a very important matter. Here we have a representative of the United States and a representative of Britain conferring, with whom? They are conferring with the representatives of the Soviet. The picture shows Mr. Bevin of Britain and Mr. Dean Acheson of the United States enjoying a jest with Mr. Vishinsky of the U.S.S.R.; but the legend under the picture says, "but the time has come to cease 'smarming' Soviet representatives." The heading of the article is "Stop this foolishness" and beneath it is this statement:

> Only fools play cards with notorious sharpers, yet our government continues to make worthless "agreements" with the communist states which are bent on our destruction.

That is exactly correct; and in the article Lord Vansittart goes on to say:

> It is remarkable that the democracies still cannot really wake up to the true nature and intentions of the communist conspiracy. There have been encouraging signs in the United States and Australia, where some of the conspirators have been convicted and sentenced, but in the main the democracies go on blindly and softly preaching and practising "liberty to destroy liberty."
>
> This was the line taken by the German republic towards nazism and by Czechoslovakia towards communism. In both cases—and in others also—the totalitarian system enslaved the people; yet we still will not learn the lesson that all these insidious and despotic systems are deadly poison, and that all their advocates should be regarded in that light.
>
> Thus foolishly looking upon communism as a party instead of a conspiracy, the democracies—governments and peoples—always begin to recoil from effective action at the very moment when they begin to nerve themselves for it. Consequently, communism continues to enjoy wholly unreasonable facilities for carrying on its destructive work; and though it sometimes suffers minor setbacks—as in Greece—broadly speaking it is gaining ground, and democracy is losing it.

Then the article goes on to describe where the landslide began. Hon. members may remember that the other day, speaking in a debate on defence, Mr. Churchill said the Soviet were invited to take part in the Pacific war just before the collapse of Japan, and he had not consented to it. He also said that instead of the western allies going right on into Berlin, which they could have captured, they halted a few miles away, at Stressen, and as a result brought about the situation we have seen in Berlin since the end of the war. I need not take time to read Mr. Churchill's speech, but he pointed out that the Russians were invited to join in the war against Japan by the late President Roosevelt and by General Eisenhower, and they came into the Pacific though that had been the preserve of the British and American armies. What did they do there, just three days later? Japan was about to collapse, anyway; but they landed five hundred thousand men in Manchuria about a week before the end of the Japanese war, and finally overran the whole of China, just as they have overrun about three-quarters of Asia. Burma, Malaya, and many other countries in Asia are gone, and there is very little left.

Then Lord Vansittart went on to say:

> Briefly, we must "recognize" communism everywhere, not in the old diplomatic sense but in the modern one—as our inevitable foe. This attitude should be practised not only by democratic governments but by all democratic individuals. For example, British ministers should limit their attendance at communist feasts and festivals to the barest minimum, and should never be photographed shaking hands with, and grimacing at, communist politicians, diplomatists, or other treacherous agents. This smarming only misleads our own people. Truth requires a stern face; let our rulers wear it.
>
> All this involves a break with past habits, procedures and traditions; but I have long said that we must revolutionize our own outlook, if we are to cope with the attempt at world-wide revolution which now threatens to engulf freedom. The enemy is at our doors—and within them. Why not hit him in time?

I believe that is the truth coming from a man who has had the greatest experience. He goes on:

> I came early to the conclusion that nazism meant war, and coined the phrase "Keep Germany lean."

He goes on to point out that there is the same grave danger of Germany rising again. He was ambassador there for fifteen years, and he knows the people. He warns the nations of the world that Germany may yet rise and be restored as a great industrial and economic nation, and eventually cause a third war. The other day I mentioned these slave camps that are all over Europe. Here is the picture of a map of eastern Europe with the slave camps dotted all over it. There are millions of slaves in these places in the Soviet, the satellite countries of the Balkans and the Far East. All those countries are as much afraid of Germany rising again as they are of the Soviet nation, and we should be aware of that danger also.

Lord Vansittart goes on to say:

> We must revise our former definition of diplomacy. It no longer exists to ensure good relations. The missions of the iron curtain exist everywhere to foster bad relations by promoting subversion and preparing sabotage. Diplomacy therefore no longer consists in drafting treaties, which communists always break even when they have signed them. All that we get by trying to compromise with evil is first a series of unwarrantable humiliations, and then some waste paper.
>
> This has been the course and outcome of every agreement that we have ever made with the Kremlin, and in particular of the so-called peace treaties with its satellites. We are reduced to constant protests that solemn pledges are being violated in every particular; and in return we receive an insolent smack in the face with Russia's open approval. Why continue to play cards with notorious sharpers? If we ask to be cheated, we must not grumble if we are gratified.
>
> Let us drop all this, and on no account even try to conclude a treaty with this Russia about this Germany.
>
> Nothing of this sort is possible, since it is the Soviet intention to dominate all Germany. We should, on the contrary, make our own arrangements with western Germany, regardless of any communist splutters.
>
> Similarly the democratic powers should make their own treaty with Japan, irrespective of Soviet obstruction. Russia can sign or stay out. I prefer the latter. Yet when the American Secretary of State was recently asked what we would do if the Kremlin pursued its wrecking tactics, he replied that we had not thought about that yet. It is high time that we did.
>
> Russian prestige has been badly rattled by the election of Yugoslavia to the security council, despite Vishinsky's threats. The ingenuities of our diplomacy should henceforth be bent to shake it still further—not to handclasps and negotiations. Communism is groggy in many parts of its empire; and we have many openings for weakening it, particularly on the economic side.
>
> Moscow has bitten off more than it can chew. It cannot supply its slave states, which must consequently look west for machinery and raw materials. Do not let us help them out of their troubles. We need not, of course, break off trade relations altogether; but we should be careful to do nothing which might enable communism to cover up its commercial inefficiencies. The greater its troubles the greater its loss of face everywhere, and the greater, accordingly, the possibility of eventually liberating the oppressed.
>
> Communism insists on 100 per cent servility to the Kremlin of all its members. This caused Tito to kick, and his gesture created a crack throughout eastern Europe. There is no Titoism in China, but we might help to bring it about by a policy which would ensure that communism cannot live up to its promises, or even extricate itself from its dilemmas.

Now, that is the gospel truth. There are three or four other matters to which I wish to refer. I am glad to see that the minister has followed the practice of the United States in issuing a booklet on national defence. I have in my hand the annual report of the

Secretary of the United States' Navy, issued by John L. Sullivan. There was a John L. Sullivan who was a champion boxer in earlier times. This booklet sells for thirty cents and is published in many languages. It gives an account of the efficiency of the navy, and is divided into subjects such as aircraft, ammunition, appropriations, atomic energy, chief of naval operations, cold-weather operations, and construction. There are references to many other matters such as the marine corps, what they are doing, fiscal administration and all that kind of thing. It lists the various departments such as the medical service, the naval stations, the national military establishments. I am glad to see that our minister has issued a similar booklet containing a multitude of matters, and dealing with civil defence.

At this point, I wish to thank the minister for giving the opposition a chance to bring these matters to the attention of the house under item 250. It is of course,—Mr. Amery says in the *National Review*—always open to Canada to become absorbed into the American economy. No doubt that would add to the balanced expansion of the North American continent as a whole. The greater part of the expansion would, however, by the sheer scale and momentum of the United States economy, continue to take place south of the frontier. Statesmen like Sir John A. Macdonald, with his insistence on Canadian east and west development and on effective protection against the United States, and Sir Wilfrid Laurier, with his bold initiative in establishing unilateral preference to Britain, foresaw the meaning of Canada's position and of its opportunities. Today these opportunities are far greater. Canada has reached a point in her development when she should take a leading part in the development of the British commonwealth, as well as in the regeneration of Europe, if she but willed it. In Mr. St. Laurent, Mr. Amery well says, she has a Prime Minister with an undisputed majority in parliament and an even more complete hold over French Canada. He has already shown his initiative and originality of outlook in connection with the Atlantic pact, and in his insistence on regional policies. Is it inconceivable that, like Sir Wilfrid Laurier before him, he might take a bold step that would help to loosen the present log jam in the world's economy?

The greatest obstacle to such a move in the direction of building up Canada's position as a leading member in an economic group more than capable of matching the United States is really psychological. I believe that is correct.

I should like myself to see some action taken towards the establishment of a Pacific pact, since the Pacific is the back door into Canada, whereas the Atlantic is at our front door. The Atlantic pact involves about 200 million people, but in the Pacific area there are six or seven hundred million, if southern China were included. Some action should be taken immediately against communist Russia, which has met its match in the west but which is now out of control in the east. In 1938 I called the attention of the house to the fact that from Puget sound to the southern Queen Charlotte islands there are nearly 700 miles of unprotected coast line, and it was only by a miracle that Canada escaped direct invasion after Pearl Harbor.

Canada should take some action to control the east and stop communist Russia from controlling Asia. The Atlantic pact and the Marshall plan discourage the communists in the Atlantic region, but let us not forget that unless we have a Pacific pact all we do at our front door will be of little effect. It will not prevent Russia from overrunning the Far East. There must be a considered plan backed by economic support from the countries that are involved in the Pacific.

General MacArthur has done good work in the Far East, and the United States should take the lead in establishing a Pacific pact. In these modern days when bandits and burglars are so busy in our large cities, one must not forget to lock the back door as well as the front door, and we should remind ourselves that the same condition prevails in considering the possibility of warfare in the Atlantic and Pacific today.

What are Canada's defence measures, even after the signing of this Atlantic pact, and does the signing of that pact give us security in case of a third war? In this debate, I have a right to ask the government to give to the house and the country an assurance that all proper means will be taken to see that our armed forces are prepared with effective plans on land and sea and in the air, for the defence of our country. This should include the re-establishment of the air training plan in Canada, and if it is deemed necessary, such home defence measures as the setting up of a home guard. I am far from satisfied that Canada has real security today, and I am free to admit that so far as our defence forces are concerned we are like Ethelred the Unready. As I said in the debate on foreign affairs on July 26, 1948, there is no use pretending we have any adequate security today. I request the government to give us a clear statement as to what additional security the Atlantic treaty gives us.

For some time after 1945 and for about two years after Mr. Churchill's speech at Fulton, nothing was done to arouse the

Atlantic countries to the real situation. Communism was like an unsuspected cancer and its ravages went unheeded. Since last fall the western democracies have become wide awake to the grave weaponless war Russia is waging and they are aware of the grave danger.

Canada has worked with Russia as a neutral, as an enemy, and as an ally, and has done so on three occasions. The first was in 1935, when Hitler was beginning to show Germany and the world the fear of a second war; Mr. Eden went to Moscow and achieved a triumph—previously he had gone to France, Italy and the Balkans—in the matter of a union that included Russia. Mr. Eden, then Lord Privy Seal, was met at the railway station in Moscow by Mr. Litvinoff and also by the British ambassador; and at a dinner given by Russia Stalin drank the health of Great Britain, and the party went to the theatre after.

The second time was in 1941 after Hitler attacked Russia and Russia was welcomed by Mr. Churchill as an ally; and on the twenty-fifth anniversary of the founding of the Soviet republic a celebration was held in London and the Archbishop of Canterbury prayed for the victory of the Russian army.

The third time of unity was at San Francisco and both the east and west united in the formation of the UNO to promote peace. Why then do they not allow the allies to get behind the iron curtain and to see what is going on there?

I would call the last three years the weaponless war; for the world now, thanks to Russia, is faced with two kinds of warfare. As the atom bomb has been perfected by the United States, the Soviet union has deserved a more powerful treatment. In the cold, brazen, weaponless war—and she conquers without destruction by this method of warfare—ten countries have been scuttled under, and behind the iron curtain others are almost under the shadow of aggression; the entire world is kept in restless fear of destruction. It is something new in warfare, this struggle for survival, and a challenge is given that armed forces are to maintain any challenge, for war is now waged against us. Unless we win the struggle of Berlin we shall not win the larger struggle. We seem to have failed to appreciate what was involved at Berlin. What was involved there was the command of the sea. That is what the issue was at Berlin. You apparently have lost it; and if you do lose it at Berlin, you are going to lose command of the sea on the Atlantic and the Pacific. Their cold war is only one of camouflage, and has lulled the west into a wrong sense of thinking it has security when it has not.

[Mr. Church.]

Never has the House of Commons been faced with graver issues than now. We face the most serious economic disaster, and a very direct military threat, as we go on pretending that we have security. We also err, as does the United States, in taking Britain's supremacy of the sea for granted. There is only one path to take, and our Ottawa politicians will not follow it, namely empire consolidation, which stood us so well in two long wars. Why is any scheme of internationalism, however absurd, preferred and adopted instead of finding real security with our own family members in the dominions and crown colonies? The United Nations are heading us into what I believe will be a third strife, and the west is now no match for the east. Canada should learn that we should follow our own dominions and crown colonies that saved us in two wars and not depend altogether on Washington, although the United States is a friendly nation. Stalin's Russia is just as dangerous to the peace of the world as was Hitler's Germany and, waging a weaponless war, has already conquered huge areas of Europe and Asia. I find an analogy between the failure of the United States and Britain to occupy Berlin and the failure of Hannibal to enter ancient Rome, and Carthage was afterwards destroyed. I note that 38,000 tons of rubber were exported monthly from Malaya to Russia while Canada and the empire got none. I have given this as my opinion: no more goods or services to these countries behind the iron curtain without some promises accordingly.

The entry of Russia into the war had rendered the Japanese military position hopeless. The possession of Manchuria was vital to the Japanese war economy; it was impossible to hold Manchuria against the flood of vastly superior Russian armies. The use of the atomic bomb accelerated at most by a couple of weeks or so a surrender which would have been inevitable. But had it been the Japanese who had led the way with this particular weapon, the effects would scarcely have been of greater military importance than the German use of flying bombs and rockets in 1944. There would have been but few of such bombs available; to have used them the Japanese must have dropped them from aircraft. Attempts to bomb vital Anglo-American bases would have come up against a crushing Anglo-American superiority in fighter aircraft plus radar, and other means of defence. Manchuria is a land of immense spaces. An atomic bomb dropped here or there would have been of no particular importance. The Russian armies would have continued to flood Manchuria. The Anglo-Americans would have continued to push forward their

own plans for invasion. The use of atomic bombs by the Japanese would have been a temporary shock but would scarcely have affected the issue or its outcome. The very fact that every new means of attack evolves from older means connotes that the older means of defence can be swiftly improved and expanded to meet the new danger. Whether the new means of defence become available in time depends upon us.

I may say that the British commonwealth and empire must depend on its own strength for salvation as a family of nations. The league of nations, the United Nations, a united Europe, or the latest hope, the Marshall offer—none of these can do for the British commonwealth and empire what it must achieve for itself by co-operation, enterprise and the strength of its own right arm. Let us by all means seek co-operation with nations whose interests and outlook are akin to our own, and whose security would be jeopardized if the British empire were the victim of aggression. But let us turn once more to our own kith and kin within our own empire, and rely upon our own character and resources for the working out of our salvation as a family of nations.

The United Nations so far has been a modern tower of Babel. Canada and Great Britain should not allow their interests to be the plaything of the United Nations. You cannot obtain peace by any such agency. No country will ever allow other countries and the United Nations to settle its affairs unless that country is too weak to defend its own interests, as Canada is by our disarmament.

The future of both Canada and the United States depends on their own peoples. We need the closest and the most absolute co-operation, collaboration and understanding between this country and the rest of the British empire and between Canada and the United States. Our position is of great importance. Our air policy, for instance, should be planned in close consultation with Britain, and we should have an empire security council such as has been advocated. We should now re-establish in Canada the empire air training plan as a security measure in days like these, in addition to this Atlantic pact which I support and which I hope will prove successful.

Never has the House of Commons been faced with graver issues than at present. Canada should rearm. It is almost too late to do so. Our motto in Canada should be that of Oliver Cromwell: put your trust in God and keep your powder dry. And we should feature it as it applies at this hour in world affairs, which are so dark. Empty Ottawa platitudes will amount to nothing, as will depending on the UNO at Lake Success for our defence. I do not forget when Hitler overran Sudetenland, and Czechoslovakia and the streets of Prague. Our policy has been to side with the Ottawa government in their disarmament policy, and that of scuttle, quit and haul down the flag on the seven seas. Canada should not do that. I believe the government of the day has a program which no doubt it will carry out. I believe Canada should at once send to Britain a message of hope and a promise for the future. I have tried the past few years to tell the House of Commons that the British at home and overseas are one great family, and we should remember that Mr. Menzies, then prime minister of Australia, when he addressed the members of the Senate and the House of Commons here, stressed that point. As he said recently in Australia:

> If the price we pay for this second experiment in universal organization is a weakening of our understanding of the importance of the British empire or a lessening of our implicit devotion to it, then the price we will have paid for the United Nations will be almost as disastrous as the price we almost paid for the League of Nations. Do not misunderstand me in this.
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> I am saying that it would be the blunder of our lives if in instinctive loyalty to a new world organization completely experimental and almost completely untried we cast away our ancient loyalty which has been the strength of our lives and the rock upon which our houses have been built.

On June 16 last I expressed the very same thing when discussing the estimates for national defence and foreign affairs. I said there was no use our pretending we had such security. It is difficult to understand a great many of these matters. However that is the position I take.

Fortunately the west can confront Russia with overwhelming strength in industry, munitions and manpower, and has established a lead in atomic research which it will be immensely difficult for the Kremlin to overtake. It is our duty to do all in our power to preserve that lead.

Yet, assuming that a balance of power in our favour is maintained, the question remains: Is this sufficient to enable the world to settle down? Is it conceivable that there can really be a secure and contented world while Russia holds half Europe in thrall? Can genuine peace be established while Europe is half slave and half free? Again, is not more than Europe involved? If Asia, besides China and including India, Burma and the East Indies, comes under the Russian grip, can there be world recovery? These are questions for the second stage of the conflict in which we are all at present engaged. When retreat is forced on Russia somewhere, the scene may brighten everywhere.

The main point to remember about the atomic bomb is that its use may depend on the gradual restoration of a more civilized world. Humanity may have to face the question: Which is the less unendurable, a vast physical destruction, or the surrender of the whole of mankind to a diabolical tyranny such as the world has never seen?

Mr. Jean François Pouliot (Temiscouata): I regret much less not having read the papers recently because the hon. member for Broadview has been generous enough to give us the benefit of his reading. He made a most interesting speech which I shall send tomorrow to the military experts who are in town, especially to Sir William Slim, British chief of staff. It is important for them to know what is being said in the House of Commons on the subjects of military and external affairs.

I am not going to make a long speech, because everything that could be said about defence matters has been said by some experts whom I see in front of me. I give credit to the minister and his immediate predecessor for having done so well with the Department of National Defence, after all that had happened before. I wish them success.

I cannot do otherwise, however, than make a few observations which came to my mind some years ago, and particularly in November 1944 when the question of conscription was debated. At that time the late minister of national defence, the one who had resigned on the conscription issue, said that there were some weaknesses in the Canadian army in France. This was broadcast throughout the country and the world. Not long afterwards the German offensive thrust to the south causing the death of many soldiers in the American and Canadian armies.

I have often wondered if it would not be better to discuss questions of defence in camera. Expenditures might be mentioned in the house, because they are of interest to the public; but what does the average citizen know about defence? There are some military experts and some civilian experts who have studied the matter; but many people may be under the wrong impression. If defence matters were discussed in camera every one would have a full opportunity to say all he has to say without endangering the security of the country.

Some hon. members may say that would not be democratic. During the war some secret sittings of the house were held to discuss matters of defence, and they brought good results. Not long ago I saw two articles which appeared in *Maclean's* magazine referring to the U-boats which came up the St. Lawrence river. At the time it happened there was difficulty in calling a secret sitting, because the then prime minister and the then minister of national defence objected. After some discussion however they agreed to have a few secret sittings, which served a useful purpose.

I submit this not only to the Minister of National Defence but to all my colleagues, so that if in future they think the interests of the country would be better served by a discussion in camera it would be up to them to make their representations to whom it may concern.

What appeared in *Maclean's* establishes clearly that those who at that time said Canada was in danger of being attacked were right. It has taken some years to prove those statements, but the facts are set out in this widely circulated periodical, which quotes the official report.

Even at the time of conscription no one opposed the defence of Canada. The subject matter of the argument was whether it was necessary to defend Canada in Canada, or not. The U-boats coming so far up the St. Lawrence river showed clearly that there was reason for concern.

There was considerable discussion about conscription at the time and Colonel Ralston, who was then minister of defence, resigned because he felt conscription had not been imposed early enough. I should like to know how many men were conscripted for overseas service after the legislation was passed. I had some correspondence with the parliamentary assistant to the minister and he gave me some information, but it is far from complete. I should like the brass hats to work on it and give the committee complete data as to the number of N.R.M.A. men who were conscripted for overseas service after the mobilization act was amended. I received some information, and I translate from a letter in French:

> It has been brought to my attention that a publication entitled, "Canada at War" No. 45 of 1945, published by the wartime information services, contains the information you asked for. According to that article 13,000 men were called up by virtue of the mobilization act and were sent overseas to Europe on D-day. Moreover, 3,000 men sailed for overseas after having signed for voluntary service.

I have a clipping to the same effect. I asked three questions, as follows:

1. On what date did the 3,000 men sail for overseas and from what provinces did they come?

2. From what provinces did the 13,000 men come who had not signed for overseas but who were sent overseas to Europe on D-day?

3. Were they sent to Europe or to Japan, and on what boats did they sail?

I received some supplementary information about the N.R.M.A. personnel who had proceeded to the United Kingdom, as follows:

Military district		
1	London, Ontario	1,109
2	Toronto, Ontario	2,301
3	Kingston, Ontario	286
4	Montreal, Quebec	2,060
5	Quebec, Quebec	551
6	Halifax, Nova Scotia	399
7	Saint John, New Brunswick	519
10	Winnipeg, Manitoba	1,344
11	Victoria, British Columbia	1,253
12	Regina, Saskatchewan	1,785
13	Calgary, Alberta	1,229
	Total	12,836

The following ships transported these personnel to the United Kingdom: *Pasteur, Mauretania, Aquitania, New Amsterdam* and *Volendam.*

That is not all the information I wanted, but I thank the parliamentary assistant for what he has sent me. It is now possible to talk sensibly about this matter, but it was not possible during the war. Those who were talking against conscription for overseas were described as isolationists and there was hardly anything that was not said about them. They were told they were not good citizens, they were not patriotic and were not doing their duty. The issue at that time was whether conscription for overseas service was actually helpful to the allied cause at the time the amendment was made. My contention was that it was not.

I crossed the floor of the house with other Liberal members because I was not satisfied with the policy adopted by my party at that time. We were called into a caucus to discuss conscription. The caucus was adjourned, Sir John Dill was here in the east block, the day after Mr. King did not return to the caucus and we were told of the quick turnabout, and conscription for overseas was announced as the policy of the government. I still wonder if it was not just political expediency.

I endeavoured to do my duty in the house by protesting against it in order to protect the farmers and those men who were engaged in essential industry. I was greatly surprised to notice in the Windsor station, the Canadian National station in Montreal, and in other places, that posters were put up stating that the men who were prepared to leave their essential positions to go into the army were doing a better job than if they continued in their present positions. Of course, that was a matter of opinion. If we are believers in fundamental freedoms and human rights contrary opinions must be respected.

I view the future with some alarm because of certain things that are being done. We are likely to be at war with any country and we should look at the facts. Lord Carnarvon, who sponsored the British North America Act and who was unquestionably a great man, stated that the only danger to Canada would come from the United States. That was said at the time of the Fenian raids. That great English statesman felt that Canada was in danger from the United States and in his speech he referred to the number of men between the ages of 16 and 30 who could carry arms for the defence of this country.

I think that all hon. members who were opposed to conscription were opposed because they felt that the defence of Canada was not sufficient at the time. Nobody thought of the defence of Canada, although some of our statesmen and leaders of parties were telling us that Hitler had his eyes on Canada, that Canada would be a prize for him, and that he wanted to get hold of this country. I hope the fears of war expressed by the hon. member who spoke just before me, and by others, are exaggerated. I hope so, but I want to make it clear that nobody is opposed to the defence of Canada, and nobody is opposed to conscription for the defence of Canada, provided that the military authorities do not interfere with essential war services in times of war.

Perhaps what has been said by the leader of the opposition and by my good friend from Nanaimo is right. Perhaps there is some exaggeration in it. I am not in a position to say. If they go anywhere in the province of Quebec and ask the people what their views are about the defence of Canada, they will realize that the concern expressed in the house exists in the province of Quebec just as it does in every other province of Canada from Newfoundland to British Columbia. The people want this country to be defended just as well as it can be, and we rely on the Minister of National Defence to do all he can to further that purpose in the national interest. God forbid that we should have another war, but if we do we hope that Canada will be better defended than it was during the last war.

The answer will be made that the steps taken by Canada during the last war served to protect this country against aggression. There are great changes. When Lord Carnarvon spoke of the danger that might come to Canada from the United States, communications were not the same as they were

during the last war. Since the last war various means of communication have made such progress that every part of the world can be easily exposed to danger, and requires protection. That being said, I should like to congratulate the minister upon the steps he has taken, and I hope that all the criticism that will be made of his department will be constructive. Those who will criticize may be right or wrong, but as long as constructive criticism is offered in good faith I am sure that all those who do so will render a public service.

Mr. Knight: It would seem that this item forms the basis for a broad discussion of many matters. I am interested in a specific question. I refer to the proposal to build armouries in the city of Saskatoon. I am interested, as are all hon. members, in the welfare of my constituents. The construction of an armoury will provide a good deal of work, and it is a good thing for any city to have such a project being carried on. This proposition is now getting to be somewhat ancient in that responsible ministers of the crown have given their assurance that such construction would take place some time.

I remember it was my pleasant privilege to listen to a fine address by the present Minister of National Defence at a meeting of the Canadian Club, I believe, in my own city. He assured the members of the club that this project was on the books so far as the government was concerned, and that it was merely a matter of time until construction would be commenced. It was my pleasant duty to move a vote of thanks to the minister for his address. I am sure he has forgotten the incident, because after all it would be an unimportant one to him, but I remember saying that when the time came in a year or so I would remind him of that particular speech and that particular promise. That is what I am doing now, and I am also coupling this question with my remarks. What is the status now of that particular project with regard to time of commencement, plans, and the amount of money which will be spent? I should like to know particularly when we can look for such construction to begin.

Mr. Claxton: Mr. Chairman, I can assure the hon. member for Saskatoon that the situation there has by no means been overlooked. As he knows, I visited Saskatoon in 1947 and saw the situation of the units there and their need for an armoury. I also had discussions with officials of the city which led to the acquisition of a suitable site. There is no doubt about the need of Saskatoon for an armoury. As the hon. member has said, the only question is when. In that respect Saskatoon is in the same position as a great number of other communities across Canada which should have armouries. It is one of the greatest needs for our reserve army. This year we have provided $41 million for construction, most of it for married quarters, although some of it will be spent on operational buildings. For the reasons I gave two weeks ago, we have only been able to begin construction this year on one new armoury, and that is at Sault Ste. Marie. I am afraid I cannot say when it will be possible to begin construction at Saskatoon or any other place. It will depend on how much money is provided for defence during each consecutive year, on how much can be spent on construction, and on how much of the money to be used for that purpose can be spent on reserve armouries. I can assure you that the need for reserve armouries is recognized by the department. It is simply a question of priority. I should like to begin tomorrow.

Mr. P. C. Black (Cumberland): I was greatly interested in the speech of the hon. member for Temiscouata. I agree with him, and I was pleased to hear him declare that today every good Canadian wants Canada fully defended. I think that was the case in the first great war and also in the last war. The only question is whether we should defend Canada on our own soil or in conjunction with our friends and allies meet the enemy where the enemy is. I shall not discuss that any further.

I should like to get information from the minister about new construction for the air force. When the minister introduced his estimates on November 11, he said at page 1664 of *Hansard*:

> We are continuing to overhaul and modify other aircraft. During 1948-49 we spent $22 million on aircraft. This year I expect the figure will be $45 million.

On the following page he goes on to say:

> Electronic and electrical equipment: All three services use large quantities of radar and other electronic and electrical equipment. We have a large scale program of production of the most modern and high-powered equipment by Canadian firms. The amount provided for electronic and communications equipment in this year's estimates is $19 million.

I am sure hon. members are in agreement with a big program for the department. They recognize that Canada, situated as we are, must have its first line of defence in the air, and that we must be thoroughly equipped in respect to aeroplanes and the services associated therewith. During the last war we had various aeroplane repair plants in the maritimes and one large construction plant in Amherst, Nova Scotia, the centre of the maritime provinces. There we had a record equal to or better than that of any other place in Canada. According to sworn evidence before the war expenditures committee the department received better returns for the

money expended in Amherst than anywhere else in Canada. The town provided an airfield at heavy expense. I believe its outlay was greater than that of any other municipality in like circumstances in all Canada. The department expended some four or five hundred thousand dollars in the erection of buildings. Unfortunately—and this is very difficult to understand—those buildings were erected on land not owned by the government and without securing extended lease. After the war it was necessary to either sell or tear down the buildings that had been put up at great expense. The land is still vacant.

I want to ask the minister how much of the $45 million it is proposed to expend in the maritimes on aircraft this year, and how much of the $19 million provided for electronic and communications equipment will be spent in the maritime provinces. Because of our record in the past, because of what we did in the war, because of what we did in connection with the construction of aeroplanes, because of our historic place in Canada, we have a right to a reasonable distribution of these expenditures. In addition, the business and industrial situation in the maritime provinces has been growing worse rapidly. It is far below that in central Canada. We now have a great deal of unemployment. So I suggest there is a special obligation on the part of parliament and the government to see that a full proportion of expenditures are made in the maritime provinces. We should at this time be given a big share.

I should like a statement from the minister showing the distribution of the money to be spent on aeroplane construction work and equipment this year.

Mr. Claxton: The only aircraft or electronic industry in the maritime provinces, as far as I know, is the Fairey plant established at Dartmouth particularly to service aircraft of the naval air arm. It is expected that out of this year's appropriations approximately $1 million will be spent on the planes of that branch of the service.

Mr. Black (Cumberland): That will be for maintenance, and will come under an item other than those to which I referred. That will not come out of the $45 million voted for construction, or the $19 million to be spent on electronic and communications equipment. If that is the situation I again point out to the minister and the committee that once more a great injustice is being imposed upon the maritime provinces, who are entitled to a big share of this expenditure by any standard that could be set up. Because of our record in the last war, because of our record in the construction of aeroplanes, which as I said was the best of any plant in all Canada according to sworn evidence before the war expenditures committee, we are entitled to better treatment than this. Here we are authorizing $64 million this year, after having spent many millions last year, and not a dollar has been expended or is intended for expenditure in our part of Canada.

Mr. D. S. Harkness (Calgary East): First I should like to comment briefly on the remarks made earlier this afternoon by the hon. member for Westmorland. I want to compliment the hon. gentleman and the other members of his unit on the number of members they have and on the training and efficiency of that unit as he outlined it in his remarks. I should like to point out to him also, however, that we have very good units in Calgary and at other points throughout Canada. The things I had to say in connection with the reserve force in no way reflected upon any members of that force. I would remind the hon. gentleman that I am still a member of the reserve myself; and far from saying anything critical of the personnel of the reserves, as was suggested by the hon. member, I paid them a tribute at some length, for which the minister in his later remarks thanked me. I make this statement in order to clear up any misapprehension hon. members may have as to my attitude toward the reserve forces.

I would also suggest to the hon. member that probably I know better than he does whether or not the recruiting campaign in Calgary was a success. I was there, and my own unit took part in that campaign. During one campaign, I believe, we obtained one recruit; during another we got two, and during another we got none; and the other units were in the same position. As a matter of fact in Calgary we get our men just as the hon. member suggested men should be obtained for the reserve army, and as he said they were getting them in his unit; that is, by the men in the unit going out and interesting their friends in the work of the reserve force and bringing them into it.

Now I should like to turn to another matter; the fact, which was brought out on Friday last, that the defence department does not entrust any of its classified or secret work to the film board. Since Friday evening I have carefully read over the debate that took place at that time in connection with this matter. I must say that, as a result of that, the situation is still confused in my mind and I am sure in the mind of everyone else. After reading that over, it is extremely difficult to know what the situation is. There are several questions which require answers in order to clarify matters. As a matter of fact, I believe

the hon. member for Acadia (Mr. Quelch) summed up the situation quite well when he said at page 1983 of *Hansard:*

> Until the Prime Minister made his statement, I thought I understood the situation. The Prime Minister now says that work is given to firms where assurance is given that secrecy will be maintained. In other words, screening is not required. But earlier the Minister of National Defence said that this work is given to firms whose employees have already been screened. Can we say definitely that firms that are doing the work today have screened their employees? The Minister of National Defence said that they had; the Prime Minister says no; that they only required an assurance.
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> Mr. St. Laurent: No, I do not say that they have not been screened; I say that I do not know.

Farther down that page, he said:

> I cannot say that every individual employed by those firms has been screened. As far as I know, we were relying on the firm and not upon a decision of our own;—

As I say, that sums up the general impression left in my mind, and one which is still there as a result of reading this record. I do not know what the situation really is.

At the top of page 1978 the minister said that the screening of the film board had been started, so far as his recollection went, in May, 1949. Just after that, I asked him when the private firms were screened and who screened them. He replied that so far as he knew the screening had been done by the R.C.M.P. He did not know when the screening was done, but he would get that information. That is one of the questions I should like to have answered, when these private firms were screened, who screened them, and so on. In connection with that also, I should like to know who did the classified or secret work for the department up to the time these private firms were screened. Possibly the private firms were screened during the war, and that screening has remained good. If that is not the case, if the screening was done in May of this year, who did the classified work up to the time the screening was done?

There is another phase of this matter which needs clarification. At page 1980 of *Hansard* we have this statement by the Minister of National Defence:

> When a report is received from the R.C.M.P. or from the Department of Justice with regard to the security of any person in a "vulnerable" department, it is examined by the department concerned. In the case of the Department of National Defence, the examination in the first instance would be by the intelligence officers.

Then later on the Prime Minister stated that all the mounted police did in connection with the matter was to make factual reports. I would take it from that, and from this statement of the Minister of National Defence that the Department of National Defence must have received reports from the mounted police about persons in the film board concerning whose security the film board officials and the Department of National Defence were not satisfied. That question occurred to me on Friday night, and I brought the matter up at that time. I had been having a discussion with the minister and the Prime Minister in connection with exactly what happened when screening was undertaken, what was meant by screening, and so forth.

Near the bottom of page 1982 of *Hansard,* I said this in connection with screening:

> If that is the situation, then so far as I can see the R.C.M.P. must have turned in to the Department of National Defence information in connection with certain persons in the film board, and as a result of that information the defence department people said, "No, we will not have those people do any secret pictures for us." That is the situation as I see it at the moment. Is that correct?
>
> Mr. St. Laurent: It is only partially correct. It is not as a result of having seen reports that were unfavourable; it is due to the fact that enough reports have not been seen to say that the whole board is certified for security purposes.

In the Ottawa *Journal* of November 22 there is an editorial dealing with this matter which quotes some of my statements and that statement made by the Prime Minister (Mr. St. Laurent) which I have just read. The article goes on to say:

> Is Mr. St. Laurent certain of this? Certain that he has not been misinformed, with the facts being as follows: That the decision of the national defence board to discontinue turning over secret work to the film board came after its discovery that a secret film made for it by the film board actually had been made, or made in part, by people about whom the R.C.M.P. had already turned in "information"? The *Journal* is told that this is what did happen—precisely what Mr. Harkness surmised to have happened.

I should like the minister to comment on both those phases of this particular question —when was this screening done, who did it, and so on—so as to clear the matter up. From the discussion that took place, the only surmise one can make is that unfavourable reports on film board employees had been turned in by the mounted police, and it was as a result thereof that work of a secret nature was not given to the film board. I doubt very much whether a reputable newspaper such as the *Journal* would print the statement they have unless they had some information which I have not. The *Journal* has said "This is what did happen." Certainly, both of those points need to be cleared up.

Mr. Claxton: With regard to the screening, it should be understood that until March 5, 1948, when there was a cabinet directive, screening in the sense in which we are using the word now was not done. The users of classified information were responsible for seeing that adequate security was obtained.

During the war that course was followed by the Department of National Defence with regard to processing film by the national film board and outside agencies.

From the date of the cabinet directive, certain government departments and agencies dealing with classified material were called "vulnerable", that is, they were the ones which required "screening" as regards officials and employees dealing with classified material. In consequence that screening process was carried on in the Department of External Affairs, Department of National Defence and no doubt in the national research council, the Prime Minister's office and other government departments. The Department of National Defence was responsible for the security of its own officers and employees dealing with classified material, and the security of outside agencies dealing with classified material for the Department of National Defence. When we had some classified films to be processed or prints to be made, we caused the employees of Associated Screen News and of Crawley Films to be screened individually.

Mr. Harkness: Excuse me, but the minister says he caused them to be screened?

Mr. Claxton: Yes. We asked the R.C.M.P. It was done by the R.C.M.P. In the case of Associated Screen News there were five employees handling classified material; in the case of Crawley Films, there were fourteen. They were individually screened by the R.C.M.P., and the reports were made to the Department of National Defence, which was satisfied with them. So I was correct in stating that the screening was done; but the Prime Minister was also correct.

Mr. Harkness: Excuse me, but when was this done?

Mr. Claxton: That was done in 1949. The Prime Minister was also correct that we required assurances from these firms and indeed satisfied ourselves that the sections of the firms dealing with our film had been properly isolated from the others; which was possible in the case of these two concerns. The department handling the classified material consisted of only five in the case of Associated Screen News and of fourteen in the case of Crawley Films. Therefore the job was one which could be completed in around a week; and as I say, the result was satisfactory. With regard to the film board, it was not until May, 1949, that it was treated as a vulnerable agency because we referred some films to it for processing.

Mr. Harkness: Excuse me, but does that mean that the screening did not start in the national film board until May, 1949?

Mr. Claxton: You will have to ask the spokesman for the film board with regard to the details of this; but that is what I gather from what I have heard.

Mr. Knowles: Was that word "vulnerable"?

Mr. Claxton: Yes, "vulnerable". There is another word used in connection with security screening and that is "sensitive". You can have a sensitive part in a government department where special attention must be given. These are terms used by the security officials. The screening of the film board was commenced, I understand, and from the way in which they did their work it appeared to be necessary to screen some two hundred. I am informed that that process is still going on.

The reports with regard to the screening of the film board will be given to the minister responsible; that is the Minister of Reconstruction and Supply. With regard to the statement in the *Journal* to which the hon. member has referred:

> That the decision of the national defence board to discontinue turning over secret work to the film board came after its discovery that a secret film made for it by the film board actually had been made, or made in part, by people about whom the R.C.M.P. had already turned in "information"?

my information is that that is not a correct statement of the case as far as the information of the Department of National Defence is concerned. I should add that, in connection with the processing and preparation of films, there is no record anywhere of any leak or of any breach of security.

Mr. Gillis: Mr. Speaker—

Mr. Harkness: Mr. Speaker—

The Chairman: The hon. member for Cape Breton South has the floor.

Mr. Clarence Gillis (Cape Breton South): I do not want to take the floor from the hon. member for Calgary East, but I hate to see this develop into a family quarrel between himself and the minister. I should like to get in on it myself.

Mr. Harkness: I did not think it was a quarrel; I thought it was a discussion.

Mr. Gillis: The hon. member is doing a first-class job of starting a fight. I am also interested in this subject, and I think the minister's explanation is far from satisfactory. While the hon. member for Calgary East asks a great many questions and makes a great many accusations, neither he nor the minister says anything about what is going to be done to cure the situation. It is for that purpose that I get to my feet.

I think there are several things wrong. In the first place, I do not think the Department of National Defence can be effectively and efficiently run by one minister. There is no one man in this country, I do not care how well qualified he is, who can undertake the responsibility of administering the affairs of the army, the navy and the air force on the scale that we are organizing them today. As long as we have just one minister and one parliamentary assistant, we are going to continue to get the kind of thing that we are getting, as exemplified by what has happened on these estimates. It is rather unfortunate that the minister, the Prime Minister and the members of this committee are obliged to get their information from the *Financial Post*, or some other newspaper, with regard to a matter that directly affects the security of this country.

I am not blaming the minister for not knowing about this matter because he did not know when this matter was raised. Neither did the Prime Minister. While the minister says that there is no suggestion at all of a leak anywhere in the film board or in any other government department, the fact that Kenneth Wilson had that story before the minister, and that it was published in that newspaper two days ahead of the dateline of that newspaper, proves to me conclusively that there is somebody talking in the film board, the minister's department or somewhere else. Otherwise, where did Kenneth Wilson get this story that he had in the *Financial Post*?

As members of the House of Commons, I think our first concern is to ascertain whether the minister, with one parliamentary assistant, has an impossible job on his hands in trying to keep track of all of the ramifications of this department. In the second place, the national film board does not come under him directly. It comes under the Minister of Reconstruction and Supply. I am suggesting that we should determine whether we need more ministers, whether we need that department broken up, or whether we should have sufficient personnel put there to assure us that the responsible minister, coming into this house to answer our questions, has at least time enough to handle the affairs of the department and to know some of the answers, or whether we need maybe another parliamentary assistant for naval affairs and one for the air force who will take some responsibility with regard to answering in the house questions pertaining to the administration of the navy or the air force. I think the minister is in an impossible position in trying to keep track of all these matters.

It was not yesterday that this film board became suspect. We remember the espionage trials. We remember Freda Linton, and the position she occupied on that board. We remember the chairman of the board who is no longer in this country. But the thing I am concerned about with regard to the board is the way the personnel are employed. They do not go through the civil service. I believe the chairman of the board has the right to hire and select all personnel. According to the answer given in the house this morning by the Minister of Reconstruction and Supply, he is now chairman of the board as well as being the minister responsible for the operations of the board. Because the Minister of Reconstruction and Supply is plenty tangled up in housing, I cannot see how he can keep his finger on the technical work that some 500 people are doing, and expect to be informed in the matter.

In my view the board should be brought under the civil service commission. The time to screen government employees is not after they are hired; they should be screened when they are taken in. If the civil service commission were employing members of the film board they would be screened when they were employed. Employees have the right to take part in competitive examinations, at which times they are supposed to give their background; and they are screened on the way in. I think it is an improper procedure to employ 500 people over whose employment the government had no jurisdiction, and then to ask the R.C.M.P. to screen them. These people handled educational films for the Department of National Defence and for other organizations in Canada during the process of fighting a war. In my view the board should be brought within the control of the civil service commission, and they should be screened on the way in. The R.C.M.P. screened them. Who screened the R.C.M.P.? One could go on and on and on with that sort of thing.

My suggestion is that the board should be placed under the civil service commission. It is an imposition to ask the Minister of Reconstruction and Supply to accept the responsibility for the operation of the board, and to be responsible to the house for what it does. With all due respect to his capacity, I do not think he can do that kind of job; it would be an impossibility.

It would be unfair to expect the Minister of National Defence to keep his finger on everything pertaining to defence. I have said that no suggestions were made. I shall make two, the first of which is that there should be a check on defence to see if it is not necessary to have someone to assist the minister in

keeping his finger on all the machinery of defence. My second suggestion is that instead of screening employees of the film board after they are employed, they should be screened on the way in. Perhaps the reason we do so much screening lies in the fact that in the whole set-up there are too many patronage appointments. Sometimes the commission appears to me as just a smoke screen behind which people hide in order to make patronage appointments.

Then, with regard to defence matters, and the organization set-up, may I say I believe the minister—or someone for him—has done a good job in the preparation of "Canada's Defence Program", which has been set before us. I am pleased to see that in the report he stresses the fact that it is a defence program. Not only that, but as best he can he tries in this document to dispel references to the inevitability of war. I liked that feature of it.

There can be no defence of this country by ourselves. We would not be able to defend our long coast lines, and our defence program will have to be linked up with those of other countries in the event of this continent or country being invaded. Our link-up with the United States in the North Atlantic pact gives us that assurance. The point upon which I am critical, and which has not been stressed, is that of research. The hon. member for Nanaimo and others have discussed the development of airfields and matters of technical research. I shall not repeat what they have said; but in the breaking down of the defence dollar, instead of giving more of that dollar for research purposes the amount has been cut down by one per cent. This is done in the light of the fact that technical personnel will be expected to fight the next war, and the greatest development will be in the air. The amount allocated last year was six per cent, while this year it is only five per cent. In my view it should be at least ten per cent.

Then at page 25 of the defence program set out by the minister we find something upon which no stress has been placed during this debate:

> In the second world war the Canadian forces had one motor vehicle for every four men and one wireless set for every twelve. All three services use equipment like radar, predictors and other complicated electrical and mechanical devices to a degree that is not commonly recognized. Of the officers and other ranks, no less than 74 per cent require special technical qualifications recognized as such in their service.
>
> Greatest bottleneck in meeting a future emergency would not be in raw materials or tools or industrial know-how, still less would it be in trained sailors, soldiers or airmen; it would be in trained tradesmen. Steps are being taken to increase their numbers.

I do not know what steps are being taken in central and western Canada, but I do know none has been taken in the maritime provinces. I leave this thought with the minister—because I think he is absolutely right—that there are approximately 260,000 unemployed in this country, of whom most are young and many are service personnel from the last war. While great stress has been placed upon university education, and while the wonderful job done in that direction has been mentioned frequently in the house—and properly so—let us remember that the minister is correct in his analysis when he states that in another war trained tradesmen will be perhaps more essential than service personnel, as we understand them today.

What this country lacks from coast to coast, and has lacked for a long time, not only in the field of defence but in the whole economy of the country, is a well-developed vocational training program through which people would be trained in the trades. While we may try to be a university country, with everyone a doctor, a musician or a journalist, we will still need the hewers of wood and the drawers of water, the people who create the wealth. We are doing very little to develop those people. If the Department of National Defence could augment what is being done in the field of vocational training by the Department of Labour, and the little the provinces are attempting to do, it would be a good defence investment.

While the minister has stated that steps are being taken to provide permanent service personnel with married quarters, the present situation leaves much to be desired. There are still many service personnel right here in Ottawa and in other centres in Canada where there are concentrations of the permanent force, men with wives and children, who are paying $60 a month rent. They are not living in barracks, and they are placed at a terrific handicap. The program in this respect should be stepped up, because we cannot have happy soldiers or other service personnel unless they are in homes where they may have some comforts and are able to meet the rent.

My chief purpose in speaking was to bring to the attention of the committee the fact that I do not think one man can handle the many tasks which have to be handled by the Minister of National Defence. Secondly, I should like to draw attention to the fact that there has been a lot of talk about the film board. I know that this particular group defended that board and advocated increases in their appropriations, but during the past few years there would appear to have been laxity on the part of the government in

properly supervising the personnel employed. We owe it to them and to ourselves to clean up the matter as quickly as possible. We should either give the film board a clean bill of health and assure the people of the country that they are working for us and can be trusted, or the whole thing should be folded up until such time as we can do that.

Mr. Claxton: Mr. Chairman, I should like to supplement the answer I made to the hon. member for Cumberland in connection with the aircraft factory. I should mention that a new English firm has been established at Dartmouth to carry on work in electronics. The utmost consideration will be given to both of these companies.

In replying to the remarks made by the hon. member for Cape Breton South, may I say that in addition to the 200 persons in the production department of the national film board who are to be screened first, the whole board of about 500 is to be screened. The hon. member suggested that the screening should take place when people are taken into the employ of the government, but I think he will admit that we have to start at some date with the employees who are already in. We could not discharge them all and re-engage them.

We have been screening the people in the most vulnerable and sensitive departments first, and that operation has been carried on in the Department of National Defence to the point where we have covered all vulnerable places. We do not post any officer or man or civilian employee to any position in any vulnerable place without his first having been screened. The hon. member's point has already been met as far as this department is concerned, and I believe that is the case with all other departments.

Then the hon. member doubted if one minister could handle all the ramifications of defence. I must confess that they keep one with a considerable physique busy for a good many hours a day, but I would point out that this instance can hardly be used as an illustration to support his point. I am responsible for the security of the Department of National Defence and we have taken adequate measures to protect that security. We know of no way in which it has been broken with regard to either films or anything else. Then with regard to this particular matter, I was familiar with it from the time I mentioned in May, 1949, and even before that. There has been no failure on my part as far as ensuring security from the defence point of view is concerned.

I am much obliged to the hon. member for his helpful support with regard to married quarters. I can assure him that we are doing everything possible. If he looks at the progress made I am sure he will see that we in proportion have done more in the way of providing married quarters for our service personnel than has been done by the other countries with which comparisons are usually made. We regard it as of first importance that we should complete or convert or provide by one means or another as many quarters as we can for married personnel so as to provide them with the amenities of life in a good community. That is our objective.

The hon. member made a very good suggestion with regard to the training of tradesmen, a suggestion which is directly in line with what we are doing. Supplementing the vocational work carried on by the provinces and the federal government working in co-operation, last year we started an interesting experiment. We took 200 boys out of the vocational schools of Ontario and gave them special training at Ipperwash camp for six weeks. This was in addition to the ordinary cadet work. They received training in wireless, motor vehicle maintenance and similar branches of the technical services related to the armed forces. If they satisfied the requirements after their six weeks' training they were given a bonus of $60.

We invited representatives of all the provincial governments to attend this experiment and I am glad to say that they all sent representatives. Several provinces sent their deputy ministers of labour. Naturally I cannot speak for the provincial governments but I think I can say that the reactions of those who attended the demonstrations were favourable. We extended the plan this year to include 1,100 cadets to be trained at a number of different camps, and here again we secured the wholehearted support of the vocational schools. Eleven hundred is a considerable number of boys to interest in this work, and we hope it is just a beginning.

Mr. Harkness: The hon. member for Cape Breton South seemed to be a little critical of the way I was dealing with the film board, but I should like to be critical of the way he has handled this matter. I refrained from dealing with the film board as a whole because I thought that that should be done only when the estimates of the Minister of Reconstruction and Supply are before us. I was careful to deal only with those aspects of the matter which related to national defence and naturally I was fairly well restricted. The hon. member for Cape Breton South carried on a general discussion of film board matters which I think is actually out of order at this time.

When I spoke before I had only one more question to ask in connection with this film board matter and that was because I was not

quite clear as to what the minister had said at the end of his remarks. Do I understand the minister to say that, after reading this quotation from the *Journal*, as far as the Department of National Defence is concerned they have no knowledge that any unfavourable reports have been turned in on any member of the film board? Do I understand the minister to say that?

Mr. Claxton: Yes, that is correct.

Mr. Harkness: The minister had no knowledge of any unfavourable report on any member of the film board?

Mr. Claxton: As far as the Department of National Defence is concerned, that is correct. That is my information.

Mr. G. F. Higgins (St. John's East): I should like to direct the attention of the minister to paragraph 156 on page 35 of the excellent booklet he has put out. It is stated there that the Newfoundland regiment and the 166th artillery regiment have been authorized to perpetuate their fine records in the first and second world wars. A daily newspaper of St. John's on Thursday, November 17, reports a communiqué issued by the commanding officer stating that three regiments have been authorized and recruiting is taking place. It is stated that those regiments are to be stationed at St. John's, Grand Falls and Corner Brook, but apparently no provision is being made for a unit at Gander and Goose airports. I know very little of defence matters but in my humble opinion a unit of some nature should be stationed at Gander at all times. Possibly we could have an explanation from the minister.

This article gives the strength of the Newfoundland regiment as 380 officers and non-commissioned officers and 632 other ranks. That would appear to be a high proportion of officers. I do not know whether it is correct. The strengths of the other regiments are out of line. The Newfoundland field regiment has 380 officers and 632 men; the 59th independent field squadron, Royal Canadian Engineers, has ten officers and 299 other ranks, and the Newfoundland regiment has 38 officers and 812 other ranks. I presume it is intended to increase the personnel of these units later on.

I feel, in so far as Gander and Goose are concerned, some definite steps should be taken to provide a defence unit at both these places. The stationing of a unit at Corner Brook is hardly necessary, in my opinion, because the United States army based at Harmon field is very close. Even at St. John's there is a large United States base, but there is nothing whatsoever at Gander. I think there is a United States unit at Goose, but I do not know whether or not there is a Canadian unit.

I should like to refer to the position of the naval establishment. During the past war Canada had a large number of naval bases—I suppose we can put it that way—around Newfoundland and Labrador, and also a number of radio stations forming a radio hook-up. To my knowledge a number of these have been discontinued, and an attempt is being made to sell them. I believe some have been dismantled, but it seems to me to be a great waste of money. If they have to be repurchased or other properties bought it will mean a great waste of money. At the naval base at Bay Bulls there was a very fine dry dock. They used to pull corvettes out there when they came for repairs. I believe that has been sold, although word has come to me quite recently that the navy intends to buy it back again. I do not know whether or not that is the position. I think we should have some clarification.

Then I should like to refer to the port facilities at St. John's. I should like to know what the intention is. In the same paragraph it is stated:

> We have also commenced negotiations to acquire the admiralty properties in St. John's.

Does that mean all of the properties owned by the Royal Navy? How far have negotiations gone? Are the properties to be purchased, or is it a matter of care and maintenance? What is the position? They are quite extensive, and I know they cost a lot of money at the time they were put in service.

I wish to discuss two further matters, and then I shall have finished. In paragraph 157 on page 35 it says:

> Negotiations have been entered upon to secure modification of certain of the U.S. rights at the bases leased by the United Kingdom.

I do not know whether the minister can tell us at the present time how far these discussions have proceeded. Can he tell us what modification is being sought? I am sure he is aware of the article in *Maclean's* magazine recently written by Mr. Blair Fraser. I would say the contents of the article are pretty critically correct, as we say in Newfoundland. There may be some slight divergences, but I would say it is critically correct. I should like to know about these modifications, and whether they have to do with the troubles we are having, as set forth in that article.

The last matter to which I should like to direct attention is this, and I am not sure whether it is proper to raise it at this time. I have been told since coming to Ottawa that

communist schools are being openly operated, that they are taking children and indoctrinating them with communist ideas. I believe these schools are well known to the mounted police and to the minister. It seems to me to be a most peculiar situation to have this kind of cancer growth in the country openly eating at the vitals of our whole defence system. No matter what we may feel about freedom of thought and speech, it does not seem to me to be sensible to allow schools of that nature to carry on in Canada today.

Mr. Claxton: With regard to the question asked by the hon. member about the strengths of the units, these strengths are what they are authorized to recruit at the present time. There were no reserve forces in Newfoundland either between the first and second world wars or since the second world war, and since these units are just being organized the strengths naturally are heavy in officer and N.C.O. personnel. These will be needed to recruit and train the rest.

As to the protection of Gander and Goose, as I stated to the hon. member for Nanaimo last week, at Goose there is a considerable force of United States and Canadian air force personnel and servicing units. At Gander there is only a small handful of Canadian personnel.

Mr. Higgins: Only seven.

Mr. Claxton: That is right. It is not part of our immediate plan to put active force personnel especially to guard all air establishments across Canada. If we were to distribute our active force personnel in static defence across Canada we would not be getting on with the other jobs which we think have a higher priority. If an emergency seems likely to arise, or should it arise, then it would be possible to take effective measures promptly to defend such places. As to the location of the reserve force units, the hon. member expressed surprise that one should be located at Corner Brook. Corner Brook is the second largest community in Newfoundland. Its population took a very active part in both the navy and the army in the first and second world wars, and contributed a great number of men.

Mr. Higgins: It is not for defence purposes?

Mr. Claxton: Not for full-time defence. It is for the purpose of organizing reserve units which would be available for use anywhere they were needed, but which incidentally would be immediately available for the defence of Corner Brook or any other part of Newfoundland. That would be their primary purpose. When I was in Corner Brook in July I had the pleasure of meeting representatives of the city, of the Legion, and of the local company, Bowater's Limited. They expressed great interest in the formation of reserve units and promised active support. We thought it desirable to locate units at St. John's, Grand Falls and Corner Brook. We have very good accommodation for the reserve navy and army at St. John's, and we are moving hangars from another location to be used for army and navy training at Grand Falls and Corner Brook.

As to the naval bases, we are still negotiating with representatives of the admiralty. We are not going to acquire all twenty-two properties in St. John's because some of them have already been disposed of to the government of Newfoundland. We are going to take over a majority of them. We are only going to use now those which are useful in peacetime, but we hope to develop later one or two so that they can be put into immediate use in the event of war.

Mr. Higgins: Before you go on, may I ask if any of these units are to become permanent active units?

Mr. Claxton: No, not at the present time. In connection with the operation of the naval reserve division at St. John's, and we hope later at Corner Brook, there would be about thirty active navy personnel, petty officers and men, to assist in training, looking after equipment and the like. At a later stage we hope to have the means of developing one or two permanent defence establishments, in connection with the defence of Newfoundland. The hon. member referred to the base at Bay Bulls. I also saw that base, and having seen it I must say that it was big, indeed an amazing job. But I think the advice followed by the authorities at the time was sound; that is, that it would be a good thing to let some private individual have it and carry it on, and such part as could be usefully employed again in the event of an emergency would still be there to be taken over if necessary, but that it would not be desirable to operate that great establishment in peacetime.

Mr. Higgins: But it has been sold outright.

Mr. Claxton: Yes, but it cannot be taken away; it is too big for that. Such part as might still be useful to help meet any emergency which could arise in the near future could still be taken over.

With respect to negotiations with the United States government for modification of the lease agreements, the modifications we seek are those related to what may be called the non-military rights conferred by the leases, rights of extraterritoriality similar to those conferred by the British government under the stress of the crisis of 1941 at places other than Newfoundland. We believe the rights

enjoyed by the United States military authorities in Newfoundland should be the same as we give them under the operation of Canadian laws in other parts of Canada. As hon. members know, these rights are reciprocal. United States forces in Canada have the same rights in every respect as Canadian forces enjoy in the United States. We believe the principle of the declaration of February 12, 1947, should be applied to the Newfoundland bases and our representations have gone forward to that effect.

Mr. Higgins: How far have they gone now?

Mr. Claxton: They are still under consideration.

Mr. Higgins: What about the admiralty property in St. John's?

Mr. Claxton: Discussions are actually going on with a view to lining up the properties we are to take over. There is agreement in principle that we are to take over such properties, and discussions are going on with regard to the actual terms of transfer.

Mr. Higgins: Then just one final question; would there be any comment at all on the matter of communist schools?

Mr. Claxton: That matter should be referred to the Minister of Justice. In referring to this matter the hon. gentleman said "as the minister well knows." I do not know of the existence of such schools in Canada, but that may be because I am too innocent.

Mr. Johnston: I have just one short question to direct to the minister, arising out of a question I placed on the order paper the other day. It was answered by the Department of National Defence on October 31, and had to do with flying risk allowance. I shall just read the pertinent parts of the question and the answers given by the department:

4. Under what conditions is risk allowance given?
5. What is the amount payable?

The answers were:

4. Risk allowance is payable to:

(a) Aircrew officers on the strength of units whose normal function is flying.

(b) Aircrew officers not on the strength of flying units, provided they fly as members of an aircrew for not less than eight hours per month.

(c) Personnel undergoing flying training, for the full period of such training.

Then this is the answer in which I am more interested:

(d) Other ranks who form part of the crews of aircraft in accordance with established quotas, ranging from one crewman for every four two-seater aircraft to four crewmen for each multi-engined aircraft engaged in photographic operations and fitted with Shoran equipment.

5. $30 per month for all ranks.

It has been brought to my attention since I have been in Ottawa, and when I was in Calgary, that aircrew mechanics are compelled in the ordinary discharge of their duties to fly aircraft, but when they do so they do not receive the risk allowance. That was what led me to put the question on the order paper. I should like the minister to tell us whether it is definitely true that these men who in the course of their ordinary duties are required to fly, whether they be aircraft mechanics or others, are being paid that flying risk allowance. I am definitely assured that they are not.

The minister may say, as in fact I pointed out to those who drew this matter to my attention, that the proper thing would be for these people to go to their commanding officers. After having been in this house for so long, however, I know, as the minister knows, that this sort of thing is not done in the air force. Personnel do not go to the commanding officer on such questions. It just is not considered etiquette, and reprisals might be suffered by these men if they were to go to their commanding officers on such a matter. I am told on good authority, however, that there are aircrew who in the ordinary course of their duties are compelled to fly aircraft but are not in receipt of this flying risk allowance the government says is being paid.

Mr. Claxton: I am sure the hon. member has in mind the case of air mechanics who are servicing aircraft on the ground and in the course of testing them go up with the aircraft for a limited period of time and do not get the risk allowance during that period.

Mr. Johnston: But they are up all the time with one aircraft or another.

Mr. Claxton: I shall certainly look into that point. There is a time limit on this as well as a quota, but I shall look into the question and give the hon. gentleman the answer. It may be that there is a class which should receive the risk allowance and which is not getting it, and if they are entitled to it we shall be glad to see that they get it.

Mr. A. J. Brooks (Royal): I want to support the hon. member for Cumberland in his protest against the treatment we are being given in the maritimes in connection with these expenditures on military equipment.

Mr. Claxton: Might I just interject that the expenditures on the dockyard at Halifax are very considerable, probably greater than in any other single locality in Canada.

Mr. Brooks: Halifax is very fortunate, but of course that is only one place, and there are other parts of the maritimes in addition to Halifax.

Mr. Claxton: Saint John has a dockyard, too.

Mr. Brooks: I remember that during the war less than two per cent of the expenditures for war supplies went to the maritimes. This is quite in contrast with the statement made by the hon. member for Westmorland, whom I would congratulate on his remarks. He is very proud of his unit, the Princess Louise Hussars, and with very good reason. I might remark in passing that the headquarters of the Princess Louise Hussars is in my home town of Sussex, and we are also very proud of this unit. According to the hon. member, and I think also the minister, recruiting in the maritime provinces has been and is better than in any other part of Canada, and that being so I think we should receive greater recognition in matters pertaining to the manufacture and sale of military equipment.

I was amazed to hear the hon. member compare recruiting now with recruiting before the last war. I remember being in this house before the second war when this department asked parliament for between $30 million and $40 million. At that time many hon. members were opposed to voting that money, and I remember that one hon. member was even willing to reduce the amount to $1. In contrast with that, Mr. Chairman, before the war we find we were trying to carry on with estimates of between $30 million and $40 million, while today we have estimates of $350 million. There is no comparison at all. When the minister said there were as many men in the reserve forces in those days as there are today—well, to me it is quite amazing. We should have many, many more, not only because of the large amount of money that is being expended but because of the better accommodation for the troops and the sentiment in this country which is more favourable towards recruiting than it was in those days.

I believe the minister is quite fortunate, Mr. Chairman, in that he has behind him in Canada today almost a unanimous sentiment so far as military estimates are concerned, something which has never existed in this country before. There is no particular reason for it, but I rather surmise it is due to the fact there is not the same sense of security today as prevailed in this country previous to the last war. My seatmate, the member for Broadview (Mr. Church), has expressed the view on numerous occasions that we were secure because Great Britain had control of the sea. For a hundred years Great Britain was our chief barrier of defence. Today, she is not. For that reason, I believe Canadians today are more defence conscious than they have ever been before.

My principal reason for speaking, Mr. Chairman, was to suggest to the minister that in the training of artillery, for instance, it would be better to have the artillery from the maritime provinces trained in the maritime provinces, instead of sending them to Petawawa. There is a camp at Tracadie, New Brunswick, which was used during the war and I believe it is still possible to train there. I feel that much better results would be obtained if that camp were used instead of wasting time bringing the men up to Petawawa. I say "wasting time" because last summer I believe the men had two weeks for camp. Two days are consumed in the journey to Petawawa, one day is always used after the men arrive in preparing for training the next day, and then in breaking camp another day is lost plus the two days for the return journey, making a total of six days, which is just wasted time. I suggest to the minister that far more men in these units would go into camp, and valuable time would be saved, if my proposal were adopted.

I had prepared a number of matters to bring to the attention of the house, Mr. Chairman, but I do not intend to speak on them this afternoon. The other day I was a little disappointed when the minister spoke of civilian defence. He suggested that civilian defence could be left in abeyance.

Mr. Claxton: No, sir, I did not; the local organizations at the block level could be postponed.

Mr. Brooks: I do not agree with the minister. I believe it is necessary to have local defence committees set up. In time of trouble, I do not believe these people can be trained. The minister said that they would be "browned off", or words to that effect. It seems to me that once they get their training, even though they do become lax or careless, that is something they carry with them and there is an organization available to be called upon.

I was reading an article about defence in Sweden. I have it before me, but I am not going to read it. In that country, they lay particular emphasis on this fact, and have the population in the large centres well trained. I believe we could follow their example.

Mr. Claxton: In answer to the question about training artillery in the maritime provinces, that is receiving consideration. I looked into it myself when it was brought to my attention, and the objections to it are that it would require additional staff,

for administration, training and housekeeping, and a splitting up of equipment. It would also prevent the artillery training in Tracadie from having the advantages of association with other arms which they have now in Petawawa where armoured and other units are in training. As hon. members know, every week during the training season there is a striking demonstration of fire power and modern tactics there. The matter is receiving consideration, however.

With regard to civilian defence I did not say we were not going to do anything, even in the matter of local organization. We are moving up step by step from federal, provincial, municipal and then to local organizations. We believe that is the right way to do it. We have not felt it desirable to rush in to the local field. We are going to press forward with that as soon as we can build the desired organization and get the full support of the local authorities.

Mr. Lennard: When I rose the other evening to make an appeal on behalf of the reserve officers, instructors and cadet corps to have their pay exempt from income tax, the minister said that a provision in the Income Tax Act was holding it up, and a formula was needed whereby the pay of those men would not be considered as income. He suggested that if I could get a formula I could solve the problem. Not being a gentleman learned in the law, I do not know the legal forms, but surely a clause could be inserted in the Income Tax Act making it unnecessary for these people to pay income tax on that money. I believe it is a simple thing. The Minister of National Revenue is in his place and I would urge that favourable consideration be given to it. I do not wish to hold this item up, nor do I wish to go over all the ground I covered the other evening, but it is something I feel should be considered.

Mr. Murphy: The other day I dealt with the armouries at Sarnia. I know the minister is familiar with the situation there, so I shall not go over the details. The point I wish to make, Mr. Chairman, is to ask the minister whether a new armoury is in prospect for Sarnia in the immediate future?

Mr. Claxton: No, sir, I could not give that indication. I answered a similar question asked by the member for Saskatoon. About one-third of the members of this house have made such representations. I cannot start giving assurance to one without giving assurance to the other. It is a question of priorities and we shall proceed as soon as the money is available.

Mr. Pearkes: I have been waiting all afternoon to ask these three questions. I have seen it stated that the minister is going to Europe within a short time to attend a conference at Paris. Will he inform the house as to the nature of the discussions which are likely to take place there, the attitude which Canada is going to take, and whether he is going to be accompanied to Europe by any of the chiefs of staff?

Mr. Claxton: At Paris, on November 29, there will be a meeting of the military committee under the North Atlantic treaty; that is a committee of the chiefs of staffs of the twelve powers. Canada will be represented at that by Lieutenant General Charles Foulkes, chief of the Canadian general staff and chairman of the chiefs of staff committee. Since we want to save on transportation costs, I shall go in the plane with him. We shall be accompanied by Air Vice Marshal Hugh Campbell, our senior liaison officer in the north Atlantic security organization and our principal staff officer at Washington, and also by a representative of the navy, Commodore Bidwell. We shall be joined in Paris by Lieutenant General Clark, who is our representative in England, the chairman of the joint staff there, and who is our observer in connection with the western European group under the North Atlantic treaty.

At Paris there will also be a meeting of the defence committee consisting of the defence ministers, which has been called by the secretary of defence of the United States, Louis Johnson who is chairman of the committee. The committee will discuss arrangements in connection with the organization of the north Atlantic regional groups and other matters relating to its work. The proceedings of the defence committee, like those of the military committee, have so far been regarded as secret. I imagine that the proceedings of these meetings will also be regarded as secret and therefore it would be quite improper for me to anticipate what would be discussed there as I think it may prove impossible for me to report on what happens there except in accordance with an agreed statement. However, this marks a further stage in the organization of north Atlantic security under the treaty, and that organization is proceeding rapidly and satisfactorily.

Mr. Pearkes: Thank you. We shall do everything we can to facilitate your departure in time for the meeting on the 29th. There is another question, a rather local one concerning British Columbia. In a return which was tabled at the beginning of October 1 was informed that some 11,800 tons of coal were delivered to the naval establishments at

Esquimalt and Royal Roads, that coal was contracted for by tender, and the tenders were let to coal merchants in Victoria. I understand that the coal was delivered in Victoria and was then taken out to the Esquimalt establishments by truck. I am also informed that had the coal been delivered direct to the naval dockyard and unloaded there, possibly as much as fifty cents a ton might have been saved on the costs of that contract. It is of course too late to do anything about the matter now because I expect that the coal has already been delivered, or at least that much of it has been delivered. Might I suggest that the matter be looked into before next year's coal is applied for, with a view to seeing whether it would not be practical to deliver that coal actually to the dockyard and thereby save the trucking expense? All I am asking is that the matter be looked into.

Mr. Claxton: Yes indeed. My note would indicate that the quotation was made for delivery at Esquimalt and the dockyard at H.M.C.S. *Naden* and at the service college. If that was not done, perhaps we have spent too much money. I will look into the matter. The question makes sense.

Mr. Pearkes: I think it was delivered in truckloads rather than in scowloads.

Mr. Claxton: Perhaps that was paid for by the contractor.

Mr. Pearkes: I have just one more question to ask. Can the minister give me an answer to the question I asked the other day as to how far the moneys may be redistributed within this item? The details are set out back in the pages dealing with the details, and so much money is allocated to the army, the reserves, and so forth. It is all under one item. Has the minister authority to transfer some proportion of that money from the army to the air force or to the navy, or from the active to the reserve forces, or does he have to go to treasury board to get that authority?

Mr. Claxton: I have to go to treasury board. I make a recommendation on the advice of the deputy minister, who gets the material from the service heads. I make a submission to treasury board, and there is no difficulty about it.

Mr. Pearkes: My last question is in connection with the training of medical personnel in the care of burns from radioactive material. Are any courses for the nursing and medical professions being conducted in Canada similar to the courses which are being held in the United States and in England on that subject?

[Mr. Pearkes.]

Mr. Claxton: We have had representatives of our medical services present at those courses so as to get into a position to give that training in Canada.

Mr. Pearkes: We have not yet started it in Canada?

Mr. Claxton: No.

Mr. Pearkes: That is all I wanted to know.

Mr. Harkness: I have several questions with regard to certain specific items coming under the details of service shown at pages 198 and following. As it is now six o'clock, however, I think I had better reserve those questions until later.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Harkness: When the house rose on Friday I had been asking the minister a few questions in connection with the specific items as they appear in the details of services. At that time we were discussing the ones headed "Personnel supplies and services". The minister had explained the increase of $10 million as being due to the increase in the number of personnel in the services—which I rather questioned.

Following that, however, he gave a breakdown, and looking at that breakdown I notice that there was an item of $4,204,000 for the purchase of cloth for the manufacture of undress blue uniforms, for the purchase of arctic clothing, bush-type summer clothing and airborne stores. I can readily see that this very considerable increase could be accounted for in that way. I would point out that the statement the minister made that it was due to the $2,600 per man which it cost to maintain our air force personnel was hardly applicable, because this item dealt only with food, clothing and things of that nature.

I should like to ask some questions respecting the next item in the details of services. This one deals with stores and equipment, and is greater by about $8,500,000. The item takes in stores of all kinds. I note particularly reference to armoured fighting vehicles and spare parts. Is any reasonable amount of that $8,500,000 for new tanks and S.P. guns?

Mr. Claxton: No, nothing at all.

Mr. Harkness: If none of it is for tanks and S.P. guns, then I should like to have a breakdown of what it is for.

Mr. Claxton: The total is $8,649,512, made up as follows:

Signal and wireless equipment	$ 884,467
Increase in requirements for maintenance spare and training equipment, signal and anti aircraft	218,940
Increase in requirements for R.M.C. technical equipment, and maintenance	50,000
Ammunition	220,045
Increase in armaments	1,470,499
Mechanical transport	3,213,703
Engineering equipment	698,837
Tanks, armoured fighting vehicles and spare parts	822,521
Provision for repair of civilian works and shops of that portion of the maintenance load which is beyond the capacity of R.C.E.M.E. workshops	1,070,000
	$8,649,512

It will be noted, as I have said, that there is no provision for new tanks.

Mr. Harkness: Do I understand that this $1,070,000 is for the repair of tanks beyond the capabilities of the R.C.E.M.E. workshops?

Mr. Claxton: Yes, that is right.

Some hon. Members: Carried.

Mr. Fraser: Don't get in a rush.

Mr. Harkness: There is no use for these people to shout "carried". I have several questions to ask, and I intend to ask them. It seems to me that this loud shouting of "carried" by a lot of uninformed opinion in the committee not only does not help to pass the estimates but actually helps to delay them.

Has there been any provision for new types of tanks and S.P. guns in the past year, or during the remainder of the year covered by these estimates?

Mr. Claxton: No, there is no provision whatever.

Mr. Harkness: My only comment is that I think there should be some provision.

Mr. Claxton: Then I would ask the hon. member if he can tell me where he can get the tanks.

Mr. Harkness: I said tanks and S.P. guns, and I do know that there is at least a possibility of getting some S.P. guns of a recoilless model.

Mr. Claxton: We would be glad to hear about it.

Mr. Harkness: The next item deals with Northwest Territories and Yukon radio system. I notice that the sundries item has increased from $14,084 to $206,587. Would the minister give the reason for that? Why is there this fairly considerable increase under sundries rather than under other items in this list?

Mr. Claxton: The first item in that list is printing and stationery, in connection with which there is a decrease of $2,199. The largest item shows an increase in communications services amounting to $194,202. This is due to the inclusion of items such as the construction of antenna networks, wireless repair and maintenance, telephone repair and maintenance, for which provision was made in the 1948-49 estimates. This provides for long-distance tolls, telegrams, cables and the like. There is an increase of $500 in sundries, which is for photographic stores—

Mr. Harkness: I do not want those small items.

Mr. Claxton: Well, I have given the big item of $194,202 for communications services, which accounts for about 98 per cent of the increase.

Mr. Harkness: In view of the fact that this is for increased and improved communication services, does not the minister think it would be better to have that amount included in one of the other items, such as stores and equipment, which must take in a large part of it; or under "Personnel supplies and services" or "Acquisition, construction and purchase"—rather than have it all included under the item for sundries, which makes a poor-looking item?

Mr. Claxton: I think that is a very good suggestion and we will take it into consideration.

Mr. Harkness: The next item is a northwest highway system and I notice that here the cost for fuel is up from $323,983 to $812,830. Could the minister indicate why the fuel cost this year is almost three times as much as it was last year?

Mr. Claxton: This is due almost entirely to an adjustment of the division of fuel expenses as between the United States and ourselves. The United States residual stocks of gasoline at the Whitehorse tank farm which have been drawn on for the greater part of the fiscal year 1948-49 have been exhausted and the requirements for use from Mile 543 to Mile 1221 must be purchased from civilian supplies. As a part of the total take-over from the United States we acquired considerable supplies of gasoline which have been exhausted.

Mr. Harkness: Does that mean that the gasoline used by our engineers in previous years was paid for by the United States army or air force?

Mr. Claxton: We took it over from them and paid for it.

Mr. Harkness: Where would that item appear in previous estimates, or are we to assume that it did not?

Mr. Claxton: We took over supplies of gasoline as part of the bulk settlement with the United States. Those supplies have been exhausted and we have to provide for them in our estimates.

Mr. Harkness: Where did they appear in last year's estimates?

Mr. Claxton: They did not.

Mr. Harkness: In what way did we pay for them?

Mr. Claxton: By a bulk settlement with the United States some years back.

Mr. Harkness: My next question has to do with the personnel supplies item under the air force which is up better than $5 million. What is the reason for this increase? This item covers food supplies, medical stores, clothing and personnel equipment, et cetera.

Mr. Claxton: The comparative figures as between 1948-49 and 1949-50 are as follows:

	1948-49	1949-50
Personnel equipment	$1,153,021	$4,703,937
Barrack, hospital and camp equipment	1,124,094	1,870,430
Food supplies	1,892,800	2,813,032
Laundry and dry cleaning	90,819	102,500
Medical supplies and services	363,822	618,192
	$4,624,557	$10,108,091

There was a net increase of $5,483,534 which arose in part from the increase in the strength of the air force and in part from the fact that up to this year they were using stocks and now have to provide for current requirements.

Mr. Harkness: The largest increase here as in the case of the army seems to be for uniforms.

Mr. Claxton: That is partly related to three things: First, the increase in strength; second, the exhaustion of war supplies; and third, increased scales of issue.

Mr. Harkness: The next item I should like to inquire about is stores and equipment for the air force which is approximately $44,500,000. Was that increase chiefly for new planes and, if so, what planes?

[Mr. Claxton.]

Mr. Claxton: The comparative figures are as follows:

	1948-49	1949-50
Aircraft engines and spares	$ 6,344,892	$27,131,015
Mechanical equipment	787,550	3,327,400
Marine craft	109,958	215,500
Miscellaneous stores	1,880,259	3,590,200
Photographic equipment	163,648	584,100
Armament equipment	200,000	497,700
Ammunition and bombs	149,000	671,300
Signals and wireless equipment	2,768,202	13,407,875
Overhaul of aircraft and engines	5,039,329	12,522,250
	$17,442,838	$61,947,340

That increase in part is due to increased activity, in part again to the fact that we are using up wartime accumulations of stores, and in part to the recognition that we must spend more money on equipment.

Mr. Harkness: From what I could make out from the minister's statement, about $33 million was for engines and spares, but I did not hear any mention of aeroplanes. If there was mention, I did not get it. I suggest with great humility that we shall make greater progress if the minister will give what I would term a straight answer. My question was: Is this increase of $44,500,000 chiefly for new planes? I do not want to know how many thousands are for this, that and the other thing. I want to know whether most of it was for new planes. Apparently some $33 million is for engines and spares. As I said, I did not notice anything in connection with airframes. As a result I would come to the conclusion that a large number of replacement engines and so forth are being bought. Before we leave that I should like to ask the minister if any of this amount was for airframes?

Mr. Claxton: Yes, indeed. If the hon. member does not want figures I do not need to give them and we can save a great deal of the time of the committee thereby. I thought he wanted these details, and therefore I was giving them to him.

Mr. Harkness: Mr. Chairman, I do not want him to give a large number of figures which really serve only to confuse the issue, so many thousands for this, $50,000 for that, and so forth.

Mr. Claxton: Either the hon. member wants the information or he does not. I am prepared to give all possible information.

Mr. Harkness: There is such a thing as confusing the issue by giving a large number of figures. What I want is as straight an answer as I can get to the questions I ask without a large amount of detail, so many dollars for

this, and 50 cents for that, which only serves to confuse what we are trying to get at. My next question—

Mr. Claxton: If the hon. gentleman would like to have his answer with regard to new aircraft procurement and production I can tell him that for the all-weather jet fighter XC-100 we are spending $5,500,000 out of this item; on tooling, machinery and manufacturing equipment for the Canadian production of the F-86A we are spending $7 million, and on two helicopters $200,000. Total aircraft procurement and production expenditures provided for are $12,700,000 out of the total I gave before.

Mr. Harkness: My next question has to do with what is listed as sundries. Just as in the case of the army, I notice a considerable amount here. Sundries are up from $2 million to $4,244,000. Once more I should like to ask the minister what is included in sundries. I know that films are included in that item, and I should like to know particularly how much of that $4,244,000 was for films, and also who supplied those films?

Mr. Claxton: I can either give the figures on sundries or not, as the hon. gentleman wants. I will proceed to give them on the assumption that he wants the figures. For special training equipment and films the figure for 1948-49 was $158,627 compared with $354,000 for 1949-50. The figure for fees for special courses was $265,137 for 1948-49 compared with $376,046 for 1949-50. With regard to films the total provided for there is $22,000.

Mr. Harkness: The next item as to which I have a note has to do with the photographic squadron. I see that the estimate for it is up from approximately $868,000 to $1,967,605. Personally I think the photographic squadron can be extremely useful to Canada not only for the defence forces but for other departments of the government. As a matter of fact, I see there is a repayment of $940,000 to the department from the Department of Mines and Resources. I should like to ask the minister how much of the work done by the photographic squadron is performed for other departments and how much is done for military mapping.

Mr. Claxton: That is a very interesting question. We have been conducting a photographic survey of Canada supplementing and completing that already undertaken and carried through by the R.C.A.F. during the lean years from 1924 on. This has been one of the ways in which the R.C.A.F. kept alive during the period between wars. Last year our program was to complete about 800,000 miles of photography, and we exceeded that. This year a corresponding area has been covered, and that is probably the greatest amount of serial photography ever conducted. It is done by the R.C.A.F. using twenty-two planes operating in all sorts of weather.

The results are taken to the photographic establishment at Rockcliffe where they process some 100,000 films per month. Then these are put together in a mosiac and then turned over to the Department of Mines and Resources, which department performs the fundamental work of producing a basic map. That map is developed for various purposes, topographical, mineralogical and military. The map is used as a basis for civil and military purposes, and is used not only by a great number of our government departments but also by provincial government departments, and by the three services. It is a fine demonstration of the way in which government departments work together. This is done by the R.C.A.F. working in the air, by Royal Canadian Engineers working on base marks, and by the Department of Mines and Resources working through their own topographical experts. This is a field in which I venture to say that, through the combination of these elements, Canada takes second place to no country.

Mr. Harkness: I agree with the minister that this particular branch of the R.C.A.F. is an important and useful one. He will possibly remember that some two years ago I urged that greater use should be made of it. I am glad it is getting plenty to do. As regards the division between what you might call work for other departments and straight military operations, I presume it is pretty well impossible to separate that.

Mr. Claxton: That is right. We take photographs for many basic maps. Then they are developed for three or four different sets of civilian purposes, as well as military purposes.

Mr. Murray (Cariboo): How much money is spent searching for and locating lost United States planes on the northwest staging route?

Mr. Claxton: It would be impossible to say, and I am sure nobody would want me to say, how much was spent on any rescue mission. We have spent great sums of money on various rescue missions, and other countries have spent similar sums of money on rescuing our personnel. We must work together wherever possible, and we have always done so.

Mr. Harkness: It just happens, Mr. Chairman, that the next note I have down here has to do with the item headed "search and rescue", and I see it is down from $9,200,000

last year to $2,289,000 this year. The question I had noted to ask was, why has this branch apparently been cut to less than one-third of its former activities, from a financial point of view?

Mr. Claxton: There has been no cut; actually the work has been increased. There has been a re-allocation of costs by which direction finding activities, such as loran, have been put in another account, so this figure more closely represents the cost of activities particularly and directly related to search and rescue.

Mr. Harkness: I think that is a very much better way of accounting, and I am glad to hear that it has been done. My next question is in regard to the northwest staging route. The total cost of this is up approximately $1,300,000, but I notice that the fuel costs are down from $630,000 to $291,000. This would seem to indicate much less flying and driving of vehicles than last year, and I wonder if the minister would give an explanation of that.

Mr. Claxton: There was an over-provision last year which has been rectified this year.

Mr. Harkness: I have only one more question.

Some hon. Members: Hurrah!

Mr. Harkness: The cheering which greets that announcement indicates that those who made the noise have no interest whatever in these estimates, but are only interested in getting away from here as soon as possible so they can go home for Christmas. My question has to do with the general position in connection with commitments. At the end of the details I see this note:

> Less—Estimated amount required for commitments nominally to fall due during the fiscal year, in accordance with navy, army and air force programs detailed above, but not required for actual expenditure in that year, $62,500,000.

Then in the general estimates under item 250 we have "commitments for future years of $145,555,382". I should like to know why it is necessary to have two commitments for future years, which is what this amounts to. The department is asking for commitments of $62,500,000 in this year's estimates to be spent next year or some subsequent year; then further authorization is asked for commitments of $145,500,000, also to be spent in subsequent years. Why does it appear in that form; why cannot one item suffice?

Mr. Claxton: The answer is given in paragraph 53 of the white paper, which I shall read because probably it is briefer than I might be:

> Experience has shown that orders for equipment and other services for the armed forces often cannot be completed in the same year in which the contracts are placed. At the same time it is not possible to say just which of such contracts will be completed in the fiscal year. Authority is therefore requested in the estimates put forward by the department to provide for the anticipated program, but at the same time to limit the appropriation to the cash expenditures which it is expected will be made against these contracts. Future years commitment authority is requested to cover contracts for equipment and services which it is known will not be received in whole or in part until after the current fiscal year.

Mr. Harkness: But why is the second item necessary? Surely there can be no question but that if the house is not prepared to vote these further amounts two years or three years from now, or whenever they may be required, they will not be available in any event. In other words the house is always able to vote or withhold money. If the house should be unwilling to vote it the money would not be available, so why provide for it two or three years ahead of time? I still cannot see why the one item covering what might be spent but is not immediately in view for the coming year should not be enough.

Mr. Claxton: I sympathize with the hon. gentleman, but the point is that in order to produce modern naval, military and air equipment a contract must be entered into which may not be completed during the current fiscal year. Take ships. We have entered into contracts this year for the construction of one icebreaker, three anti-submarine vessels, four minesweepers and one gate vessel, the total cost of which will be between forty and forty-five million dollars. It is quite certain that none of these vessels will be completed in the fiscal year 1949-50. It is also quite certain that almost none will be completed in the fiscal year 1950-51. Yet in order to enter into a contract which the contractors will regard as at least morally binding and as having the authority given by parliament through these commitments, we must be able to do so on the assumption that any parliament subsequently elected will honour those authorizations and commitments. Otherwise we could not make a contract running into the future. This is one of the ways by which we may provide a defence program over a term of years, which parliament will know about in advance and provide commitment authority for in advance, but in respect of which parliament must provide the cash year by year.

Mr. Harkness: Would the minister not agree that a contract would be quite as good whether or not this advance commitment is made, because it depends on the particular year when the estimates are voted, whether or not parliament is willing to grant the money? I cannot see any advantage in it.

The minister said people entering into these contracts consider that these commitments give them greater moral value, let us say; but I should think once Canada has entered into a contract for the construction of a destroyer, an icebreaker, an anti-aircraft gun, or whatever it may be, we are going to honour that commitment. It is not necessary for us to vote money two or three years ahead more or less tentatively, in order to do that. My chief objection is that it complicates the estimates, so it is very difficult to tell exactly where we stand. We vote so much money for current requirements and so much for what may be required because the department could not foresee what would happen; then we have another long series of commitments for two or three years from now.

Mr. Claxton: The fact is that parliament cannot provide the cash to meet these possible expenditures in future years.

Mr. Harkness: That is my very point.

Mr. Claxton: But parliament can say that we commit the authority of the government for a future year. That will have some value to the contractor, and I can assure my hon. friend that it also acts as a limiting factor on the department.

Mr. Harkness: The point is that parliament actually cannot commit itself to these expenditures for next year, as the minister just said. We have no power to do that; the money has to be voted each year. That is why I cannot see any value in putting in these items, because they confuse the issue.

Mr. McLure: I am not going to ask very many questions after the barrage that the minister has been up against in the last half hour. I should like to make a short observation. When the estimates were before the committee a week ago, I asked the minister a question about the armouries for Charlottetown and also a naval base. At that time he gave me fair consideration and stated that those would be built in the near future. The total estimates before us for this department amount to $369,985,500, and they are the only estimates out of the whole of the main estimates that have been brought down for which the minister does not ask for a blank cheque to be voted without giving any details. If the minister is willing to take a compliment from a humble member of the back benches, may I say that in this regard his estimates are much superior to the estimates presented for any other department.

It is true that in the estimates for this department there is an item for sundries amounting to $4,695,252, but if one looks at the pages upon which details are given one finds details for all those amounts. The other ministers of the crown bring in estimates containing items amounting to $131 million for which they ask us to give them a blank cheque. I should like to compliment this minister and his department for bringing down estimates for which we do not have to give a blank cheque.

Mr. Catherwood: I should like to ask a question about the imperial war graves commission. I do not believe anyone would question the amount of money spent, but is this for the maintenance of world war I graves or world war II graves or both? In what countries in Europe does this commission work?

Mr. Claxton: This item looks after our contribution to the imperial war graves commission in respect of the great war of 1914-1918 as well as the second world war. The war graves provided for in the second world war are in Italy, France, Belgium, Holland and England. The arrangement under which it is worked out is between the countries of the commonwealth. It was worked out towards the end of the first world war and has been carried on ever since. We have agreed on a common treatment of the subject, so as to afford the maximum amount of respect and reverence for the graves of those who were killed from all the commonwealth countries. We agreed that the treatment should be the same, not only in respect of officers and men but also of those who gave their lives in the service of all the commonwealth countries.

Then, we agreed on a method of administration and of contribution. We have carried through our part in that arrangement. We believe it has worked well in the interests of the memory of those who gave their lives.

Mr. Pearkes: What about the graves of the men who fell in Asia?

Mr. Claxton: I beg your pardon, they are also being looked after under the same arrangement.

Mr. Smith (Calgary West): Last fall, I came back on the boat with a chap who was a citizen of Ottawa. He had been looking for the grave of his son. I do not remember the name of the cemetery, but he had been there twice and was not able to find a single person who could give him directions. He told me that at the time there was a stick with his son's name on it, which they finally discovered. That was the second trip they had made to England to find their son's grave, and they found it in the same condition as it was the year before. If necessary, I can give the minister the name privately.

Mr. Claxton: I would be very glad if the hon. member did that because that case has certainly not been called to my attention. In the first world war we had some 66,000 killed and in this war 40,000. If there is such a case, it must be of someone like those who were members of an air crew buried outside of allied territory, and whose remains were in the process of removal to some other location. If the hon. gentleman will give me that name, I shall certainly be concerned in following up the case.

Mr. Smith (Calgary West): I am writing the name now. This was in one of the largest cemeteries in England.

Mr. Claxton: In England?

Mr. Smith (Calgary West): Yes, and I am writing his name now.

Mr. George A. Drew (Leader of the Opposition): Mr. Chairman, the discussion that has taken place and the obvious impatience of some of the members to dispose of these estimates in itself indicates how desirable it would have been if an orderly procedure before a committee could have been followed. This is only the third time these estimates have been before the house. They were up on November 11, November 18, and now today. Members of this house do not know today what the state of our defence forces is; they do not know their readiness or otherwise to fulfil the part which the Minister of National Defence says Canada has decided it should play in the joint responsibilities that we have assumed.

Hon. members of this house have been given the details as to the cost of certain items. They have been given percentages of training which, in themselves, mean very little unless we examine the details of the units that are involved; the standard and quantity of equipment now in the possession of those units; and the extent of the training in the various weapons they possess. The procedure before a committee makes the process of question and answer much more effective than it can be in this chamber, although I want to say that the minister has indicated his readiness to answer the questions which have been asked.

By the procedure which we are now following, we could not obtain the real facts about the national defence forces of this country in three weeks, let alone three sittings of this house. Three months would probably be the amount of time needed under the procedure which we must follow according to the rules of the house. For that reason, I propose to ask certain questions which indicate the nature of the information which it seems to me we must have if we are to have any idea whatever of the real state of the defence forces of this country.

[Mr. Smith (Calgary West).]

It does not help greatly to know that an anti-aircraft gun with its equipment costs $600,000, unless you know how many anti-aircraft guns we have; unless you know what their radar equipment is; their range finding equipment; their directional equipment; their sound range devices; and all the control equipment that goes with a modern aircraft battery, and the training of the men on each one of those instruments that is associated with an anti-aircraft gun.

Unless I am mistaken, I heard a remark in regard to Russia; and I assume that it meant that Russia would like to have this information. The time has come, Mr. Chairman, when we should recognize that the only people we are fooling are the people of Canada if we do not get all the facts with regard to our national defence. Our capacity to assume whatever role we undertake to assume within that great international partnership created by the North Atlantic security pact depends upon the equipment, the training and the suitability of the various units that we have established, having regard to the conditions which we face today.

The Minister of National Defence within a day or so leaves for Paris to take part in discussions there which will, we hope, divide the field of responsibility in a way that will make it possible to economize—and I underline the word economize—in expenditures on national defence so that every dollar spent may produce the maximum results. It is no more possible for the members of this committee to pass real judgment on the extremely large figure which is now before us, without knowing certain of these details, than it would be for the Calgary Stampeders to know whether their season had been well spent until they knew that they had certain players who were going to take their place in the line on Saturday, whether some of the members see the game or not.

After all, it is only an expansion of the same idea. A military organization is a team. In fact, in the United States during the war there came into use a term which seems remarkably appropriate for the whole defence picture. The forces had what they called "combat teams". These are defence teams. Our job is to know whether we have players for every position on that team, whether he has had the training he should have and whether he has the equipment which will carry him through the game.

First of all, let us take the land forces. Statements have been made as to the proportion of our population that is taking its share in the defence forces of Canada. When certain questions were asked, the answer given was that our reserve units had a total enlistment

which, in relation to our population, constitutes a higher percentage of the population as a whole in the non-active units than any other nation of the commonwealth. That statement, Mr. Chairman, is absolutely meaningless and it is misleading unless one examines what the situation is in other nations of the commonwealth. Let us take, for instance, the situation in the United Kingdom. Apart from what the views of any hon. member may be in regard to one method of dealing with defence requirements or otherwise, the fact is that the United Kingdom has compulsory military service. Consequently you must examine, in the light of that fact, any figures of proportion of the population taking part in defence; and also you must examine the figures in the light of the responsibilities that are being assumed by the active units in the United Kingdom.

Today the United Kingdom has six and a half divisions fully equipped, ready for service outside the United Kingdom in different parts of the world right from Burma to Hong Kong. She has other units in being, fully equipped. There is a provision that every man or woman having served with the active forces must, on retirement from the active forces, serve for four years with the territorials. These are things that it is essential to know in making any comparison or when we are deciding on what the allocation of our forces should be, and whether we should emphasize one branch of the service or the other.

One of the most important statements that have been made since these estimates were called on November 11, if not the most important one, was the statement by the hon. member for Nanaimo that there should be a drastic reorganization of our defence forces in Canada. He stated then that, while he was not presuming to adopt a precise figure, his estimate of the appropriate relationship between the air force and the land army was three to one. The Minister of National Defence obviously misunderstood what he had said, because he took that statement up and said that if you took the figure that is being expended on the land forces today, and multiplied that by three, you would reach a figure that would be out of the question.

The speech of the hon. member for Nanaimo was perfectly clear on that point. What he said was that there must be a drastic operation, a reorganization, a change in the composition of the units, and that there must be an emphasis on the air force in relation to the infantry, having regard to our possible position in the combined defence organization upon which the peace of the world rests in the years ahead.

Without reducing any of this discussion to personalities, may I emphasize the fact that we are particularly fortunate in having in the membership of this committee some men who are in a position to speak to us with regard to national defence matters. When the agriculture estimates were before us, there were in every part of the committee highly qualified farmers who were able to ask the Minister of Agriculture various questions based upon their own highly skilled experience in that field. When matters relating to public health are before the house, we have in different parts of the house men whose own medical experience gives them special qualifications. Now that we are dealing with national defence estimates, we are in the position of having men here who are able to speak with a high degree of qualification. There is no other man in this committee with the background of experience of the hon. member for Nanaimo. There is no other member of this committee whose personal service has covered so wide a range of military experience. I do not want to make any comparisons but, after all, let us examine the background of this infantry officer, this permanent force soldier, who tells us that there should be a drastic reorganization and a reduction in the emphasis on infantry and an increase in the emphasis on the air force.

Here in this chamber are two men entitled to wear the highest decoration for valour in the world, the Victoria Cross. These are the hon. member for Nanaimo and the Minister of Veterans Affairs.

Mr. Pouliot: And there is Filip Konowal.

Mr. Drew: I am sorry, I did not hear the hon. member.

Mr. Pouliot: I say there is Sergeant Filip Konowal, V.C., under this roof.

Mr. Drew: I spoke of this chamber—and I think the hon. member will realize that I spoke of this chamber, and no matter how distinguished the service of anyone outside this chamber may be, unfortunately it does not entitle him to come here and speak on military matters.

We have here two members who have that qualification, which is something in itself. But I do wish to point out that the hon. member for Nanaimo, who began as a private in the infantry and who retired with the rank of major-general after having served in two world wars, has been decorated with the Victoria Cross, is a Commander of the Bath, and was awarded the Distinguished Service Order, the Military Cross and the Order of Merit of the United States. There is no other living infantry officer in the world today who is entitled to wear on his breast all those decorations for valour.

I mention that because he comes to us as a member of the House of Commons with that combined experience and tells us, as an infantry officer with many years' experience, that the time has come for Canada to recognize the fact that the role which we must play is one which calls for emphasis upon the air service of this country. That does not mean for one moment that there is any need to lose all the great traditions associated with the different units throughout the country.

I would remind hon. members that drastic operations of a similar nature did take place in the years before the two world wars. The services were carrying forward very much as they ended the war in 1918; and then with a new emphasis on armoured units and larger quantities of artillery and the extension of the engineering services, and of the various technical services, units with long and great traditions in the infantry were changed to the new branches of the service. They retained their names and their association, and have carried that tradition forward through the years since then. The same can be done today.

Many infantry units in different parts of Canada can become reserve air units and carry out various services, not only as squadrons fitted with aircraft, but to carry out the many involved and indirect duties associated with the maintenance of any air force under modern conditions. I refer to radar units, communications units and the other services required to maintain an air force. This can be done.

What is essential is that in examining these enormous expenditures—and they are enormous expenditures—we make sure that there is an allocation of our forces in such a way that we gain the greatest possible value from the money being spent.

For that reason I would like to ask a question, which is the basis of any understanding of our problem in the field of our land forces. I would ask the Minister of National Defence: first of all, in the case of the army, what are the arms of that service today?

Mr. Jean François Pouliot (Temiscouata): Mr. Chairman, before the minister answers I have a word to say. I appreciate what the leader of the opposition has said about the hon. member for Nanaimo, and I have as much admiration for him as has his leader. I remember that during the session before last, when the deskmate of the hon. member was a Canadian-born member of parliament, I said of the hon. member that although he was not born in this country he was more of a Canadian than was his deskmate.

This is to depreciate no one, but only to give an opportunity to the leader of the opposition to understand that there are things about which we agree with him. We agree about the defence of Canada. But as every country will be exposed during the next war, if there is one—and everyone hopes there will not—I submit it is impossible for the Minister of National Defence to answer publicly any technical questions put to him by any member of the house. If the information can be given privately for the satisfaction of any hon. member, it is an altogether different matter.

Sitting here as the elected representatives of the Canadian people, we have a duty to perform, and must act to the best of our ability to represent our constituents. They must have confidence in us. They must understand that in these difficult matters members of parliament must be given a certain latitude. There are things they can tell privately but could not tell publicly and which if printed in the press would not serve the best interests of the country.

Let me give this illustration to the hon. member: If he were a banker would he publish in any newspaper the combination of his vault or safe? He is too much of a businessman to do anything like that. When it comes to matters of life and death, as applied to every citizen of this country and of the world, one must be very cautious about what is said.

I shall not embark upon any technicalities at this time, but I would remind the hon. member and my colleagues that during the war, although I have no military training and do not pose as a man with military experience —and never did—I suggested that the best possible defence for this country would be mobile units which could be brought as quickly as possible from any part of the country to repel any attack, and to defeat the enemy.

This is a simple thing and something which can be said in public, because any possible enemy would think twice before attacking a country defended by mobile units. That is one thing.

There is another thing that concerns me about which I should like to express my feelings. During the last war a large number of parliamentarians considered matters of defence in the light of the defence of the commonwealth as a whole. Since that time this country has signed the North Atlantic pact and a new solidarity exists, not only between the various parts of the commonwealth but between all the countries that

signed that pact. It is of the utmost importance that we should know the obligations of Canada under that pact. Again this is something that perhaps should not be mentioned in public, but I think any hon. member who desires information about the commitments of Canada under that pact should have it.

I support the minister and I have confidence in him. If there is a vote on this estimate I shall show my confidence by voting for him. But there should be reciprocity in confidence and I say to him that I am concerned about the commitments of Canada under that multilateral pact.

As I said the other day, and as I suggested many years ago, we should have a bilateral treaty of defence with the United States. At that time the then prime minister, who was also secretary of state for external affairs, said that that was not the time for such an agreement. An agreement was made between himself and the President of the United States, but it was never ratified by congress.

When this country must share matters of defence with other countries I submit that we should retain our sovereignty with regard to the number of people from Canada who will serve for the defence of this or other countries. Many hon. gentlemen have referred to the defence of Canada but they have said nothing about the defence of those other countries which signed the pact.

Canada played a noble part in the last war in supporting the countries of the commonwealth and other countries of the world, but it is important to know what will be done in the future in connection with the defence of the countries who are signatories to the North Atlantic pact. How many men will we send? How much ammunition? What armaments? That information is essential.

I am not ashamed of being a supporter of the government and I am not afraid to speak freely in the House of Commons about these matters of vital importance. If we are to go to the defence of any other country we should have something in return. Canada is just reaching complete sovereignty and her great privilege is to retain that sovereignty in her relations with other countries of the world. We should retain our sovereignty and our independence and should decide ourselves what we are to do. The defence of Canada should not be decided by any other country, either by our friendly neighbour or by the United Kingdom or by the United Kingdom military experts. It should be decided right here by the members of the House of Commons and the Senate.

The leader of the opposition has legal experience. He knows that when a case comes up in court having to do with a scientific or technical matter it is not expected that the judge shall have taken a course in technology or the particular science under review in order to be qualified to decide the case. He decides the case according to his legal experience, the law of the land and his own good judgment. He must be convinced that one of the parties is right in order to give judgment.

This is a somewhat similar case. There are military experts on the other side of the house and on this side of the house. I have the greatest respect for the hon. member for Nanaimo, but I have equal respect for the Minister of Veterans Affairs and the Minister of National Defence. Though the Minister of National Defence fought through the war as an N.C.O., no shame should attach to him for that.

The first minister of national defence in the last world war was not even an N.C.O. in the previous war, he was just a private. He was wounded and disabled and was entitled to a pension. He was greatly respected by all. I want the committee to understand that I respect those hon. members who have been mentioned by the leader of the opposition just as much as he respects them, but he should not make a comparison between one of his supporters, who was an officer, and the Minister of National Defence, who was an N.C.O.

Without saying anything against the admirable record of the hon. member for Nanaimo I am not ashamed to say that I support the Minister of National Defence, who was an N.C.O. during the first world war, and I have confidence in him. There should not be conflict between those who have had military service and those who have not. We all have the duty of looking after the interests of the Canadian people as a whole. We should be ready to lay aside those prejudices that existed during the first and second world wars. I rejoiced to hear the hon. member for Nanaimo speak as a true Canadian when he spoke the other day. I congratulate him on what he has said, but he has too much experience to contend that he is infallible. Nobody in this world is infallible. We must make the best approach we can to this matter of common national concern. I will ask the leader of the opposition—and I do so on my own responsibility—whether, all things being said, he would be satisfied to have certain private information conveyed to him in a private way to satisfy his mind so that he will be in a position to tell the Canadian people

that he has all the information and is satisfied with it. Then there will be an end to a lengthy discussion. Perhaps, considering the subject matter, it has not been so long.

I want every one of my colleagues to have his mind satisfied as to problems of national importance, and I have enough confidence in them to say publicly that, supported as they are by the votes of their electors in each of the constituencies they represent in this House of Commons, they will never fail to represent their own people as they would be expected to.

The Deputy Chairman: I think it is time I should intervene. All hon. members will admit that the Chair has been extremely lenient in the course of this debate. The rules have been violated on both sides of the house. A few days ago we had a general discussion on the first item of the estimates of the Department of National Defence. The discussion we are having now is a repetition of the general discussion we had the other day, and at times it has even a greater scope than the discussion that took place on the first item. Therefore I ask the co-operation of all members of the committee in confining their remarks to the item under discussion, item 250.

Mr. Drew: Mr. Chairman, I am not quite able to apprehend the exact meaning of the remarks because I am not aware of what earlier speaker offended against the rules. I may have been out when it happened. During the remarks that I have been making I have been discussing the subject that has been before the house, and I had just asked a question of the Minister of National Defence when the hon. member for Temiscouata made certain statements which I think I should comment on briefly. I find myself in agreement with a great deal that the hon. member for Temiscouata has said. I most certainly am in complete agreement with him when he says that the question of national defence should be decided by the members of the House of Commons and the Senate. That has been my contention since these estimates were called on November 11.

The remarks I have been making have been directed to the hope that we might have the information which would make it possible for members of the house and members of the Senate to reach a decision with some knowledge of the facts. I do not want to have any exchange with regard to the individuals who have been mentioned which would in any way divert the discussion from what is before the house, but I would point out that no reasonable interpretation of any remark I made could under any circumstances be suggested as a comparison, favourable or otherwise, between the hon. member for Nanaimo and any other hon. member in his capacity as a member of the House of Commons. What I pointed out was that in this particular field of responsibility the member who advocated such a drastic change in emphasis in the organization of our defence forces is a man with very wide experience. He started his service as a private, went through every N.C.O. and officer rank, and as a result of that very process as a regular soldier has a wealth of experience which he is able to pass on to us.

No remark that I made was a reflection in any way upon the service of the Minister of National Defence who served most gallantly in the artillery in the first world war. May I say that it is a matter that demonstrates the quality of his service that in that war he was awarded a decoration which I think most members will regard as second only to the V.C. in its recognition of valour. No remark of mine was intended as an unfavourable comparison, and I hope no hon. member will suggest that.

I think, however, that when we are discussing agriculture perhaps a skilled farmer knows a little more about agriculture than somebody else, although we must all exercise what judgment we can when we hear the farmers tell us what the facts are. I also think when it comes to the subject of health, although we must all pass judgment in regard to what is appropriate in the provision of health measures, it is proper that we should have some regard to the experience of those doctors whose qualifications enable them to express an expert opinion. We all must pass judgment. I would make this comment as to a remark made by the hon. member for Temiscouata which it seems to me is the strongest supporting argument I have heard yet in favour of the whole problem being discussed by a committee. He said: If you were dealing with a question of electricity and you were putting it before a judge you would not expect the judge to be an expert electrical engineer. No, we do not; but we do not expect the judge to pass judgment without hearing experts. We do not expect any judge to pass judgment unless he has had the opportunity of having evidence placed before him by those who are able to express an expert opinion in regard to that peculiarly technical subject.

At the present time we are dealing with one of the most complex problems that have ever confronted men and women who are

called upon to exercise their judgment, because today the defence forces of this or any other country combine the skill of electrical engineers, metallurgical engineers and engineers of every type, of industrial experts and producers as well as military men in their military formations. Today the defence forces are a combination of every productive and physical capacity of the country. It is for that very reason that, of all the subjects with which we are called upon to deal, no subject so clearly demands expert information before those of us who are not experts are in a position to pass judgment in the high court of parliament.

Let us take a few of the examples. During the last war science brought all its strength, all its skill and all its energy to the production of new devices, and it has not stood still. Today, if we assume our responsibility, we will make sure that within whatever defined field of responsibility we accept the task of preparing defence forces, they will be efficiently equipped in the most economical way, and with the very finest type of arms and equipment that can be supplied. When I say that I would emphasize the fact that in the last war Canada demonstrated that there is no intricate mechanism of war or of peace which the skilled workmen of this country, associated with our technicians and our management experts, are not capable of producing. For that reason we do need expert advice, and that is why I still press my suggestion that a committee would be the appropriate place.

I have interjected these remarks in relation to what has been just said. I would return now to the question I asked before those remarks were made: in the case of the army, what are the arms of that service today?

Mr. Claxton: What does my hon. friend mean, what are the arms?

Mr. Drew: Infantry, artillery, engineers, army service corps, reconnaissance units, and so on.

Mr. Claxton: There are fifteen arms of the army today: armoured corps, artillery, engineers, signals, infantry, army service corps, medical, ordnance, electrical and mechanical engineers, army pay corps, army dental corps, intelligence, chaplain, provost and postal.

Mr. Drew: Then let us take the infantry first of all. What is the present weapon establishment of an infantry battalion on active service?

Mr. Claxton: That information certainly will not be given in this house at this time. That is the kind of information that will be made available to those engaged in training infantry battalions.

Mr. Drew: Well, Mr. Chairman, this merely illustrates the evasion in answers that is presenting a very serious problem. This information is all committed to print. It is available to the armed services, as well as to others. I return to a comparison which will be in the minds of a number of people, no matter what decision may be reached on a motion that is to be presented tomorrow. It is no easier to determine whether a football team is ready for the test it has to meet than to determine whether or not we are really training and equipping our service units, unless we know what weapons they are supposed to have and what weapons they actually have at the present time.

Mr. Claxton: If the hon. member has the information available to him I do not think he should delay the deliberations of this committee by asking for it, because certainly I do not have available, here and now, the establishment of arms, weapons and equipment or the training strengths of the armed forces of Canada. No one on earth could expect me to have that information, either, unless they were determined to hold up these estimates.

Now, sir, we have had some debate of a very general character over a period of three days, during which a number of hon. members have expressed various points of view. On November 18 the remarks of the leader of the opposition covered pages 1934 to 1943 of *Hansard*; he took over an hour of the time of this house to go through the white paper, without disagreeing with a single proposition in it. In his opening remarks this evening he said the minister had indicated his readiness to answer the questions that had been asked, and as far as I am aware up to this time no single question has been left unanswered. No single question has gone unanswered during the course of this whole debate, and I am prepared to answer all reasonable questions hon. members may put forward with respect to the defence forces of Canada. But if I am to be put through an interrogation respecting the arms manual and other things that are available to people at various levels, then I suggest we are wasting the time of this committee.

The leader of the opposition referred to the hon. member for Nanaimo. I can assure this committee that my respect, and I am sure the respect of all other hon. members, for the member for Nanaimo will not be reduced by anything the leader of the opposition said

this evening, because we hold the hon. gentleman in the highest regard. The hon. member for Nanaimo laid great emphasis on the air force, and I agree with him. That is the point; I agree with him. I just differ as to the practicability of providing an appropriation for the air force three times that of the army, at this time or in the immediate future.

In that connection I would point out, as I did before, that in the United States the proportion of expenditure as between the army, air force and navy, is 33·6 per cent for the army, 34 per cent for the air force and 32·4 per cent for the navy. In our estimates for this year, exclusive of defence research and provisions for pensions, our provisions on a comparable basis are for the army 36·4 per cent, for the air force 42·6 per cent and for the navy 21 per cent. In other words while in the United States they have made provision on an almost equal basis, in Canada we have recognized the position of the air force to the extent of giving it prior place by a very substantial margin. It is interesting to note that in the United Kingdom the defence pound is divided as between the army, air force and navy in the proportions of 43 per cent, 29 per cent and 28 per cent. There the air force is in the middle position. It is also interesting to note that in the second world war Canada's great contribution in men was roughly divided in this way: 600,000 to the army, 300,000 to the air force and 100,000 to the navy. So I submit that when the hon. member for Nanaimo, supported by the leader of the opposition, urges greater support for the air force, they are falling through an open door, because we are already doing what they ask and we are doing it to the full extent we believe possible within the limits of these estimates. In future appropriations I would hope, as I indicated when this matter came up on November 18, that this emphasis may be further increased.

This is indeed a complex problem, as the leader of the opposition has said. It has been found to be complex in every country, particularly at this time. We do not claim to know all the answers. We do not claim that anything we do may prove to be ultimately right, because we cannot look into the distant future. All we can try to do, with the help and support of this house and of the Canadian people, is to provide the funds which you and the people think desirable, and then allocate those funds among the three services as best we can. But I do submit that in our recognition of the very important place of the air force we have gone further than the other two countries with which we are so closely affiliated and associated in the most friendly fashion, and we are prepared to go even further.

[Mr. Claxton.]

Mr. Drew: Mr. Chairman, first of all may I point out that since we are dealing with an item involving $339 million, I have no apologies for spending an hour in discussing what it implies, nor should any other member. I do not want to say that the Minister of National Defence obviously forgot what I said, or has not read what *Hansard* records, when he states that I agreed with what is set out in the white paper. I said the white paper gives us no real information as to the state of our defence forces. It gives us a broad picture in general terms, but we do not know the details.

I have asked a simple question dealing only with the first primary unit of our armed forces, an infantry battalion. My question was concerned with the weapon establishment of an infantry battalion on active service. If the hon. members of this house are to know with what we are dealing when they examine these figures, they should have an answer to that question as well as an answer to similar questions about the artillery, reconnaissance units, tank units, armoured units and each of the fifteen branches of the service incorporated in our land forces.

Then, we should know what percentage of weapons they have in relation to that establishment. Without that information we do not know what we are getting for our money, but above all we do not know what we are getting for the defence of Canada. It is a complete mystery, hidden by the answer that it is not in the public interest to give that information. Hon. members of this house have a right and a duty to know that, before they pass judgment. If this is not the place to get the information, then that is all the more reason why we should have a committee where, if it is desirable, any secret matter can be dealt with behind closed doors, following the minister's own suggestion that small committees are desirable in dealing with technical matters.

The minister has said he is not prepared to give that answer. He has not at his disposal the weapon establishment of all the units. I am satisfied that the weapon establishment is in the records that his officials have in front of him now. I would be surprised if they came here without that information. If we are to be confronted with this answer about the infantry, there is no use in pursuing the question further in regard to the other branches of the service. It is about time, however, that the members of this house recognized that they have a responsibility to know what we really have in the way of defence.

Here is a recruiting advertisement that appeared in the press of this country yesterday. It shows an anti-aircraft gun, and at the

top are the words, "Science turned their backs on the target." The meaning of those words is that science has made it possible for the men serving an anti-aircraft gun to fire at a target with their backs towards that target. This manoeuvre involves the intricate mechanisms which science has now made available for the control of anti-aircraft guns. No hon. member of this house is in a position to know how effective our expenditure on anti-aircraft guns is unless he knows how many anti-aircraft batteries there are in Canada, fully equipped with the latest short wave radar, equipped with electrical control devices, sound range devices, directional devices, and all the other intricate mechanisms by which these guns are fired. Nor are we in a position to know how effective those weapons are unless we know how many of the shells available for those weapons are fused with proximity fuses.

In order to ascertain the extent to which information is available, I am asking the Minister of National Defence how many shells there are in Canada fused with a proximity fuse?

Mr. Claxton: Not one.

Mr. Drew: Then, we have an answer which suggests that our artillery is totally unequipped to cope with—

Mr. Howe: Then let us pass this item and get on with it.

Mr. Drew: The Pooh-Bah of the cabinet has returned. He is not satisfied with taking the place of the Minister of Justice, he is now taking the place of the Minister of National Defence.

The Deputy Chairman: Order. I do not believe the term used in referring to the hon. Minister of Trade and Commerce is a proper one.

Mr. Warren: Take it back.

The Deputy Chairman: I do not believe the hon. member meant to say anything disrespectful of the minister.

Mr. Howe: Let it go; I love that sort of thing.

Mr. Drew: It is a most flattering term. The Pooh-Bah was everything but the lord high executioner.

Mr. Garson: You are winning the next election for us.

Mr. Drew: It is good to hear that small voice raised again, and in the presence of the Minister of Trade and Commerce.

The members of the house have heard the Minister of National Defence answer, quite correctly, that in this country today there is not a single round of artillery ammunition fused with a proximity fuse.

Mr. Claxton: What countries have?

Mr. Drew: The United States, Great Britain and the nation in which we are so greatly interested at the moment.

Mr. Claxton: How many in each country, I would be interested in knowing?

Mr. Drew: I am not a member of the House of Commons—

Some hon. Members: Oh, oh.

Mr. Drew: I am not a member of the House of Commons of Great Britain, nor am I a member of the congress of the United States. So that there will be more laughter by those who wanted to find something to laugh about, I shall repeat that I am not a member of the House of Commons of Great Britain, nor of the congress of the United States. The members of those two illustrious bodies are in a position to secure the information which we are being denied.

The members of the congress of the United States, which the Minister of National Defence before he became minister thought afforded us an excellent example, are able to secure the most minute details of the organization of their forces, except in regard to those things that are still on the secret list. Proximity fuses are no longer on the secret list. In the closing days of the war proximity fuses were not only an essential requirement for effective anti-aircraft fire; they became an essential requirement of effective land artillery as well. Taken by itself, that indicates the extent to which we are absolutely unprepared in certain branches of the services to meet the tests of modern war.

Since we are not going to get the information about the weapon establishment of those units, I should like to refer to a speech made by the Minister of National Defence on May 2. An effort had been made earlier to obtain a statement about the decision as to the future equipment of our armed forces, but it was not forthcoming. I have heard no statement in the house during the consideration of these estimates which amplifies a statement that was made by the minister in Detroit on May 2. He said that Canada has decided to abandon the rim cartridge ·303 calibre rifle, machine guns of the same calibre, and to adopt weapons of United States standards as well as their communications organization and other details of organization. I am not questioning whether that is wise or unwise. Certainly since that statement was made in Detroit on May 2, I believe we should have

information as to the policy of the government in this respect, and when we propose to depart from our present weapon standards and adopt those of the United States.

Mr. Claxton: With regard to the last question, I think I pointed out on another occasion that the question of standardization was dealt with by me on two different occasions in this house, in which I indicated our desire to standardize our equipment with that of the United States and the United Kingdom. I thought that made sense. There has been no change in that policy, there has been no criticism of it and, so far as I know, it has been generally approved. It is, however, difficult of implementation. With regard to the rimless cartridge and the calibre, we have to wait on the determination, by those with whom we work, of their idea of the right kind of calibre. But we are prepared to co-operate with them just as, I am sure, are the armed forces of the United Kingdom and of the other ten countries in the North Atlantic security pact. We believe in standardization. As regards Canadian-United States co-operation, we believe that it is important to work to common industrial standards and common arms standards, and we are working in that direction. There has been no secret about that. It was announced during the war. It was worked on during the war and it has been continued ever since.

As the hon. leader of the opposition said, I referred to this matter in a speech on May 2; and I am sure that substantially he agrees with the general line.

Mr. Drew: I think all hon. members will agree with the desirable features of standardization; but we still do not know just what the plans are other than that they will fit in with the modern adjustment of our forces. The Minister of National Defence is going to Paris to discuss the problem of the part that each of the member nations of the North Atlantic security pact will take in that combined effort. When we meet in the next session there will doubtless be a clearer understanding of the particular task which Canada has decided to undertake.

As to these present estimates, I have already pointed out that near the end of November we are not going to change greatly one way or another the expenditures that are made in 1949 or for the balance of the fiscal year because either the expenditures have been made or the commitments have already been made for the balance of the period. But what has been demonstrated here beyond any question is that when we deal with the estimates in the next session and are really examining them before they are spent, we shall not have the necessary information unless we have a standing committee on the defence services of Canada.

I am not pressing the point further, because the minister has said that he will not answer the question in regard to the weapon establishment of our units. But I say that we definitely have a right to that information, and that when we know more of the general allocation of our forces, certainly the members of this committee should have full knowledge of the weapon establishment of each unit, how far we have gone or how far we expect to go in meeting those requirements of such units as we actually maintain.

As to these figures, we have indicated from the outset that we were not going to oppose them because the commitments have been made. But in voting for these estimates now, we do so recognizing that we have not the knowledge that we should have, that we have been denied information which every member needs if he is really going to pass judgment, and that when we meet in the next session we will insist then upon the establishment of a committee that will give us the information which will make it possible for us to fulfil our responsibilities as members of this parliament.

Item agreed to.

Demobilization and reconversion—

251. Defence research and development, subject to allocation by the treasury board, and to authorize total commitments for this purpose of $24,439,660, including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $21,679,660 and commitments for future years of $2,760,000 against which commitments it is estimated that actual expenditure in 1949-50 will not exceed $21,179,660.

Mr. Pearkes: This item deals with defence research and development and covers an expenditure of $21,179,660 to be made this year. I realize that in the matter of defence research and development undoubtedly a high degree of security will be necessary and therefore if there is one item in which the minister may be rather loath to disclose the details it would be this one. That fact is borne out because no details of this expenditure are given in subsequent pages of the book of estimates. The $21 million to be spent this year, however, of which the greater part has already been spent, is a fairly sizeable blank cheque. It is undoubtedly an item in which a great many members are sincerely interested. I would therefore ask the minister to go as far as he feels he can go in giving us a breakdown of this item, without giving away any military secrets.

Mr. Claxton: Thank you very much. I can give some details, certainly. The defence

research board is providing for central scientific and administrative organization—I can give it in round figures, in hundreds of thousands—$5,294,000; Canadian armament research and development establishment, $2,121,000; experimental station, Suffield, $2,301,000; defence research chemical laboratories, $459,000; Kingston laboratory $99,000; Grosse Isle experimental station, $50,000; radio propagation laboratories $686,000; naval research establishment, $563,000; defence research specific naval laboratory, $156,000; defence research northern laboratory, $315,000; a total of $12 million. Then for naval development, $447,000; for army development, $2,258,000; for air force development $6,952,000; a total of $21,179,000.

If I might say a word or two in general, defence research in Canada has been integrated with the work of the armed forces. The chairman of the defence research board is a member of the chiefs of staff committee; and the chiefs of staff are members of the defence research board; also on the defence research board are representatives of the national research council, the universities and industry. We believe there is a very complete integration of activities so as to eliminate duplication. We do not aim to cover the whole field of defence research in Canada. We could not do it with even $21 million. But in co-operation with the United States and the United Kingdom particularly, we are working on the things which are particularly suited to Canadian research either by reason of the personnel we have available or by reason of the industrial development of the country.

If I might refer to some of them briefly, I would mention the Canadian armament research and development establishment at Valcartier, which was especially developed during the war and further extended since, related particularly to the research in armaments, ballistics, propellants and the like, and their work is being carried on. The experimental station at Suffield, as hon. members know, is of course related to bacteriological and chemical warfare. At Suffield we have a great tract of almost a thousand square miles where we have opportunities and facilities for extensive trials.

Then, we are continuing to conduct research with regard to naval activities as they are particularly related to anti-submarine warfare, and we are extending our activities in the more applied field with regard to aircraft and aerodynamics. We provide a number of grants to Canadian universities to promote research. These are carefully worked out in conjunction with the national research council, and are designed to promote both fundamental and more applied research.

With regard to our development program, by far the largest item is that of nearly $7 million for air force development. That is the money being applied to the development largely of the XC-100 at the A. V. Roe establishment at Malton. In each of the last two years we have put a two-year program into one, and that has enabled us to bring the plane to the stage where we hope it may be test-flown in the next few weeks—and test-flown successfully.

Mr. Pearkes: I do not wish to press unduly, but could the minister tell us something about radar development? He referred to it but did not give much by way of detail. Is all the experimental radar development being conducted by Canadian Arsenals Limited or is the department dealing with other firms connected with radar?

Mr. Claxton: A large number of our contracts for radar equipment have been placed through Canadian Arsenals Limited, but sublet by that organization to other Canadian suppliers.

Item agreed to.

The Deputy Chairman: We will now take up the estimates of the Department of the Secretary of State.

Mr. Claxton: Mr. Chairman, before proceeding to these estimates, I wonder if I might have the permission of the committee to place on *Hansard* a message I received from the Secretary of Defence at Washington. This is addressed to me as Minister of National Defence at Ottawa from Louis Johnson, Secretary of Defence at Washington, and states:

> Permit me to express our profound gratitude to the men of the Canadian armed forces whose tireless effort in behalf of their fellow Americans has climaxed one of the most brilliant air-sea rescue operations in peacetime history.
>
> The destroyer *Haida's* rescue of eighteen United States airmen symbolizes the highest tradition of mutual co-operation and helpfulness between our services and makes us more than ever proud of the many endeavours in which we have been associated.
>
> Please convey to all concerned as well as Commander Madgwick and his officers and men of the *Haida*, this expression of heartfelt thanks and appreciation for outstanding performance of duty.

DEPARTMENT OF THE SECRETARY OF STATE

401. Departmental administration, $150,820.

Mr. McLure: Mr. Chairman, may I first of all congratulate the Secretary of State upon his elevation to that high office.

My complaint with respect to this item is one I have made concerning many others, namely that we have to vote such large sums of money without knowing the purposes for which they are used. While the minister

may be following in the footsteps of his predecessors, that is no reason why we should not have a statement concerning the money we are asked to vote.

Here is a department asking for a total sum of $1,913,982. Of this amount there is the sum of $586,290, or about 31 per cent of the total, concerning which we have no details whatsoever. It is not fair to the committee to ask for this blank cheque. Anyone examining the details will find that the items for which blank cheques are asked are in some cases two or three times greater than those for which details are given.

Surely as a committee we should have details of these expenditures. While the Secretary of State may not be able to give us complete information, he could go back to last year's records and tell us where these moneys asked for in blank form have gone.

Hon. F. G. Bradley (Secretary of State): Mr. Chairman, I believe the details at page 253 of the estimates are fairly complete.

Mr. McLure: Then we shall refer to it. Let us take the first item dealing with departmental administration. The details set out the salaries of all those who are working, giving a total of $83,945. The next item is a blank cheque for an amount of more than 50 per cent of the sum I have mentioned, and concerning which we have no details.

Then, turning to the item concerning the citizenship registration branch, we find that the salaries for all who are working there total $53,385; and then we are asked for a blank cheque for a sum 175 per cent greater than the sum I have mentioned. The amount given here is $92,385. These are not full details in any sense of the term. We could go on to deal with other items, but I believe what I have stated is sufficient to merit an answer from the Secretary of State.

Mr. Bradley: The first amount of $83,945 deals with permanent employees, and the item for temporary assistance is exactly for that purpose—the temporary assistance we have to get from time to time in the various branches.

Mr. Knowles: On that very point—and this is where some of us came in before—may I support the point made by the hon. member for Queens, and say to the Secretary of State that if he cannot answer my point tonight I hope he will try to be ready to answer it when we reach the item dealing with the civil service commission. If I am correct, the Secretary of State answers on the floor of this house for the civil service commission. I do not think the Secretary of State covered the whole story when he said that this large item was for temporary assistance that has to be hired from time to time because I think many of these people are fairly permanent. I should like to know what the percentage is of permanent civil servants, temporary civil servants, temporary-permanent civil servants and any other classification there may be.

It is not so much a problem of the way it is set out in the estimates, although I do support the hon. member for Queens; it is more a matter of the policy of the civil service commission. When we reach that item I think the minister should be in position to give me the information I have asked for and also state whether any progress has been made toward providing for a greater percentage of permanent employees in the civil service. There are many facets of this problem which are of great concern to civil servants, and rightly so. I do not press for an answer tonight, but I think this is a good opportunity to draw it to the attention of the Secretary of State so that he can deal with it later.

Mr. Bradley: I can give the hon. member the number of permanent and temporary employees in the department, but as regards the civil service commission and its policies I presume we can deal with that when we reach that item.

Mr. Blackmore: I am not so sure that it is best to ask under this item the question I have in mind, but I should like to know why the cost of issuing passports has been increasing at such an exorbitant rate? Two or three years ago you could get a passport for $3, but now a man must pay $5, another $5 for his wife and $5 for each child over 16 years of age. It should be remembered that there are many poor people in the country who are in need of passports and I consider this to be an absolutely unjustifiable charge.

Mr. Bradley: I think that is a matter for the Department of External Affairs.

Mr. Blackmore: That department had better be ready.

Mr. Browne (St. John's West): As I understand it, this temporary assistance, as the hon. member for Winnipeg North Centre has said, covers a number of employees who are rather permanent but who are not recognized as such. This was the case in Newfoundland when many people were taken into the service during the war but who have not been recognized as permanents. This question arises in every department but I am directing my query to the minister because his department is smaller than the others. The

civil servants must be greatly concerned about this, especially as to whether they are pensionable.

Mr. Bradley: Obviously a temporary civil servant is not pensionable. Perhaps this had better be discussed under the item for the civil service commission.

Item agreed to.

402. Citizenship registration branch, $181,770.

Mr. Knowles: Can the Secretary of State tell us how many citizenship certificates have been issued since the legislation was enacted?

Mr. Bradley: I can give the figures for the period April 1, 1948 to March 31, 1949, which are as follows:

Aliens	11,455
British subjects	148
Alien minors whose responsible parents have been granted certificates under the act	283
Doubtful	41
Minors, aliens, who have applied for their own certificates	255
Persons naturalized in Canada prior to the naturalization act of 1914	1,944
Canadian citizens by birth, naturalization, marriage, residence	9,611
	23,735

Mr. Knowles: The minister has not the cumulative totals?

Mr. Bradley: No.

Mr. White (Hastings-Peterborough): Would the Secretary of State explain the difference between the citizenship registration branch and the citizenship branch, item 407?

Mr. Bradley: The citizenship registration branch has to do with the technical matters connected with citizenship, while the other portion of the branch deals with individual immigrants who come here, whom we propose to make citizens of at the proper time, and who naturally need a certain amount of training and education in Canadian citizenship.

Mr. White (Hastings-Peterborough): An immigrant coming into the country would come first to the citizenship registration branch?

Mr. Bradley: He would deal with the immigration branch first.

Mr. White (Hastings-Peterborough): But with whom in your department would he deal first?

Mr. Bradley: He would deal with the citizenship branch which would endeavour to train him in Canadian citizenship in so far as they can.

Mr. White (Hastings-Peterborough): Do I understand that all technical work is done by the citizenship branch?

Mr. Bradley: No, the citizenship registration branch.

Mr. White (Hastings-Peterborough): What does the citizenship branch do?

Mr. Bradley: It provides facilities for the teaching of Canadian citizenship to immigrants in so far as it is possible to do it and the immigrant is prepared to absorb the information.

Mr. White (Hastings-Peterborough): How would you teach an immigrant to become a Canadian citizen?

Mr. Bradley: I am afraid I am a poor teacher. We provide certain literature, films and other material for the carrying on of night courses and so on. Most of this is done with the co-operation of the provinces. What happens in a school of citizenship in any particular province I am afraid I am not capable of saying.

Mr. White (Hastings-Peterborough): If you examine the items on page 253 and so on you will see it is practically all for staff, printing, salaries, and things of that type. If it is an educational feature, there is not very much set out in the details showing that is the main duty of the branch.

Item agreed to.

405. Bureau for translations, $646,445.

Mr. Knowles: Mr. Chairman, I wonder if the minister would mind letting item 405 stand for a few minutes. I confess the reason is that one of my colleagues is anxious to say something on it, and he went upstairs to get some of his material. Here he is now.

Mr. Knight: Mr. Chairman, I should like to say something about the item mentioned by my colleague dealing with the bureau for translations. I want to ask the Secretary of State how many translators are used, and of those translators how many are used by the customs and excise branch to translate books which are submitted at customs offices for admission to this country? I am interested to know how many translators are capable of translating languages other than French. I take it most of them referred to here are employed for the purpose of translating from one official language of the country to the other. If we may have an answer to this question perhaps we can proceed from there.

Mr. Bradley: Obviously it is mainly translating from English to French, but the other languages covered will be found in the report of the department. They include German, Russian, Spanish and Italian.

Mr. Knight: Those then are the languages which these translators are capable of handling. I think there was another part of

my question that the minister did not answer. How many of these translators are used from time to time by the customs and excise branch for the purpose of examining books in foreign languages for which admission is sought to Canada?

Mr. Bradley: I am afraid the hon. member will have to ask the customs and excise branch that question.

Some hon. Members: Carried.

Mr. Knight: The item is not carried. It is not in the estimates of the customs and excise branch. It is in the estimates of the Secretary of State. I think my question is a reasonable one.

Some hon. Members: Carried.

Mr. Knight: Mr. Chairman, do I have to stand up all the time to ensure that my question will be answered? I am waiting for my answer. When I get it I shall proceed to stand up again.

Mr. Bradley: Is the hon. member asking about translation or the reading of documents in different departments? All translation is done by this department. If translators or persons familiar with various languages are used in other departments for the purpose of reading documents, or something of that kind, I do not know anything about it.

Mr. Knight: I know something about it, but I want to find out more. Let me make my meaning perfectly clear. How much of the time of certain of these gentlemen or ladies is employed in the capacity of translators from a foreign language into a language which can be scrutinized by the official readers of the customs and excise branch so that they may pass judgment in the matter whether or not the material so translated is fit to be admitted to this country? I hope I have made that clear.

Mr. Bradley: I do not know that I can answer the question. I wonder if the hon. member is referring to other languages than those which I have mentioned, and for which purpose at times I believe outside translators are used on a temporary basis.

Mr. Knight: During the war I think there were three translators who were used for the purpose I have mentioned. These three linguists were able to cover twenty-five languages. They were men who did translating for purposes of censorship during the war years. At the end of the war they were taken over by the Department of National Revenue to do this domestic reading. I have never been able to discover the truth of the matter either by questioning the Minister of National Revenue or so far tonight. I have not been able to get specific information as to the point. I ask the Secretary of State whether since the war we have replaced these men, who were good linguists and top men in their profession, by anyone else who is capable of scrutinizing such material.

We have had a great deal of talk lately in this house and in the country generally about censorship. Much has been said about the admission to Canada of crime comics and books. I am not taking the position that I am advocating censorship. I do not want to be misunderstood about that, but I am interested in the general subject of books. We can do with a lot more books in this country. If we are going to have censorship, if we are going to exclude from Canada foreign language books which are excluded simply through the ignorance of the people who are handling the matter, then I am opposed to that method of doing business. You will excuse me if I am a little heated about this particular subject, but I have been fighting against a stone wall for two or three years, and this is one of those hidden recesses of government which I have not been able to penetrate up to the present time. That is the reason why I thought I would bring the matter up tonight. I notice that the Minister of National Revenue is flattering me by rather earnest attention, and I hope when his turn comes he will be able to give me an answer.

Mr. McCann: I can give you the answer now.

Mr. Knight: I realize that the Secretary of State is new to his position. I do not think anyone will hold it against him if he is not schooled in this particular matter, but it is a subject into which I have been making investigations. So far as I am concerned, I believe that the examination of foreign language books has been quite haphazard. I think a great many of them are worthy of being admitted. A great many of them which are worthy of being admitted are kept out simply because there are not people learned enough in these languages to examine them properly. I also believe the converse is true. We are admitting a lot of stuff we should not be admitting for the same reason. I know for a fact that books which are being denied entry at one customs port are being admitted at others. The whole situation is confused. If you do not believe it, look at the bookstands. I have known of cases when customs officers were simply flabbergasted. An officer is confronted with a foreign book about which he knows nothing.

He may take it to a Greek restaurateur and ask, "Is this book all right?" The Greek gentleman says it is all right, and that is the basis on which censorship is carried out in this country, the basis on which books are either accepted or rejected. It is time that situation was brought to an end. It is time the importation of suitable books into this country was encouraged. It is time we had men at the head of this censorship branch who are qualified by their background, their training, their education and by some elementary knowledge of literature to say what is good and what is bad; and I am not speaking in the moral sense, but rather in the literary sense. If the Secretary of State has no further information for me, however, I suppose we will have to leave it at that.

Mr. Bradley: The only information I can give the hon. member is that we do what translations are done. If any department of the government needs someone to read something in a foreign language, we do not know anything about that. We do the translation and provide them with it. That goes from our department; but I know nothing about anything else.

Mr. Knight: To simplify my first question I shall ask this. Do the translators at present in the minister's department do any work as translators for other departments of government, notably for the customs and excise branch of the Department of National Revenue?

Mr. Bradley: The answer is yes.

Mr. Knight: To follow that up, then, has the minister any idea to what extent or for what periods of time they are so employed? Is it part of their regular duties? Is it done spasmodically? Are they loaned to the Department of National Revenue on occasions when their services are needed? Surely these things should be a matter of simple record.

Mr. McCann: The hon. member for Saskatoon has conveyed an entirely wrong impression both to the house and to the public in reference to the censorship of books that pass through the customs and excise branch. We have within the department people who are capable of making translations, though not in all languages. What the hon. member has referred to had to do particularly with the time we had censorship under the Department of National War Services, of which I was minister for the last year of the war. It was not necessary nor was it economical to retain those people in the service of that department any longer, or to transfer them to the Department of National Revenue, because there was not sufficient work to keep them employed full time.

When the hon. member speaks of a customs officer at a port having to take a book to a Greek restaurant proprietor in order to get a translation, that statement is entirely incorrect. It may be done, but not under the instructions of the department. Any books entering at any port of entry today, as to which there is any suspicion that they break the law because of the fact that they are immoral or obscene, are sent to headquarters in Ottawa. If they are in a foreign language they are translated here, either by translators within our own department or by translators who come under the Secretary of State. So it is not done by any haphazard method. The work is done thoroughly; and if these books break the law by reason of the fact that they are immoral or obscene, they are denied entry.

Mr. Knight: Would I be correct in assuming that ninety per cent of these foreign language books are not examined at all?

Mr. McCann: You would be entirely incorrect.

Mr. Knight: I am glad to hear that. Tonight, for the first time in four years, I am getting some information.

Mr. McCann: Why did you not bring it up under the right department?

Mr. Knight: I have brought it up under the hon. gentleman's estimates with very little success. I do know some books—

Mr. Fournier (Hull): Mr. Chairman, I believe the discussion is taking place on the wrong item. The Minister of National Revenue just stated that the censorship of these books is in his department, and there should be some item in his estimates under which the hon. gentleman can discuss this question. The Secretary of State has said that his department does translations for other departments but that he does not know anything about censorship. So I really think the hon. gentleman should discuss this question on another occasion.

Mr. Knight: I want to make just one last point, as a matter of information rather than a question. The Secretary of State did not have the information, but I can give him the figures for one particular period. At one time in the bureau of translations there were 210 translators, of whom 207 were for French and English, which left a total of three for all the other languages in the world. I do not know whether that is considered a sufficient number to examine the books that are presented for admission, but those are the facts

that were given to me. The only way I can find out whether or not those facts are true is to ask the minister concerned, and for having done that I offer no apology.

Mr. McLure: I do not want the Secretary of State to think I am going after him on these estimates, because I know he is new to the department and is only following the procedure that has been laid down. My idea is to warn him that next session we will expect more details in reference to these matters. For instance, in reference to the bureau of translations, at page 255 we see that the salaries amount to $377,970. Directly below that is an item amounting to about seventy per cent of the one I have mentioned, or $251,475, as to which we have no information at all. We are simply asked to vote a blank cheque in this amount. In fairness to this committee I believe that on another occasion, in another year, we should have some explanation of this. We know this item is a wonderful vote catcher for elections, and I notice that this year it is a little larger than usual. However, we shall let that pass for the time being, though in future we shall expect to see more details given, so that we may not be asked to vote blank cheques.

Item agreed to.

407. Citizenship branch, $175,855.

Mr. Knowles: I wonder if the Secretary of State could now give a little more information in reply to some of the questions which were asked a few moments ago. What kind of persons are employed to do this citizenship work? By that I mean what are their qualifications, and in what fields are they qualified? I think we all feel that this is a pretty important phase of governmental activity, but we would like to know what it is all about. I imagine there is a pretty good story here, if the minister could just tell it to us.

Mr. Bradley: It is mainly liaison work between the new citizens or immigrants and the provincial authorities, particularly in matters having to do with the subject of education. A great deal of the work is carried on by a voluntary organization known as the citizenship council, which as a matter of fact gets a vote of some $10,000 a year from this parliament. I cannot give much in the way of detail about it other than I have already given.

Mr. Thatcher: Will the minister state the reason for the heavy increase in this particular item over last year? I believe most of it was caused by printing, stationery and office equipment. Why would it be so much greater this year than the previous year? The item shows an increase from $8,000 to $88,000.

[Mr. Knight.]

Mr. Bradley: There is an increase of approximately $80,000 for printing, stationery and office equipment. That is due to the cost of printing new pamphlets, the preparation of film scripts which are essential for the work of this branch, and so on. Then there was an increase in the number of radio broadcasts which accounts for the balance of the increase.

Mr. Lennard: How much for radio broadcasts.

Mr. Bradley: Five thousand dollars.

Mr. Thatcher: Is the minister saying that there was $80,000 more printing this year than there was last year? It seems like a fantastic increase.

Mr. Bradley: That is for printing, stationery and office equipment.

Mr. Thatcher: Which is going to be the normal figure in the future, $8,000 or $88,000?

Mr. Bradley: I am afraid I cannot look far into the future, Mr. Chairman. This is a growing country.

Mr. Thatcher: This item has increased ten times in one year. If it is going to increase ten times next year, I suppose it will be $880,000.

Mr. Knowles: I believe the minister has his officials before him, and he should be able to give us some more concrete information in reply to the questions.

Mr. Thatcher: Why would the printing cost increase ten times in one year? I think that is a reasonable question.

Mr. Bradley: I would draw to the attention of the hon. member that there were 150,000 booklets issued this year, for instance.

Mr. Thatcher: What booklets would be issued this year that were not needed last year?

Mr. Bradley: I am not able to tell the hon. member at the moment.

Mr. Knowles: Is that the end of that answer?

Mr. Bradley: That is the end.

Mr. Knowles: I come back to the question I asked a moment ago. It seems to me the house is entitled to know the qualifications of the people who are doing this citizenship work. I am not asking for any names. I do not think it is fair to pull the names of civil servants out on the floor of the house, unnecessarily at any rate. In this branch, there is a director who receives $5,400; an assistant director at $4,980; a citizenship officer, grade IV at $3,600; a citizenship

officer grade II at $2,940; and a citizenship officer grade I at $2,400. What are these people—lawyers, musicians, printers or what?

Mr. Bradley: I do not think there are many expert musicians among them, Mr. Chairman. In so far as I have had association with them, I would judge them to be good citizens, well educated and with a considerable ability for organization. I do not think they do any actual teaching, so I would not regard them as teachers.

Mr. Knowles: What do they do?

Mr. Bradley: They organize.

Mr. Browne (St. John's West): Is the minister in a position to say whether anything has been done with regard to applicants for citizenship from Newfoundland? As the minister is aware, there are a number of Chinese nationals who have been living there for the past ten years and who have not been able to apply for naturalization. It is necessary for them to apply under the Canadian Citizenship Act now. Some of them are not very familiar with the English language. This particular vote provides the minister with funds to help them obtain citizenship by giving instruction in the responsibility and privileges of Canadian citizenship. I suppose nothing has been done in Newfoundland about that?

Mr. Bradley: If they have lived in Canada for twenty years they can get their citizenship papers without being able to speak the language adequately. I do not know whether or not the hon. member is referring to that.

Mr. Thatcher: I believe I asked a reasonable question of the minister. Why was it necessary this year to spend eleven times more than last year for printing, stationery and office equipment? He may have answered the question, but I did not understand his answer. Was it because Newfoundland came into confederation? Was it because more immigrants came this year? Why did you have to spend eleven times more money?

Mr. Bradley: The hon. gentleman has asked a question which I cannot answer with the meticulous accuracy that he seems to demand, but I shall do the best I can. As I have said, there was an increase of $80,000, $70,000 of which was for printing booklets, some of which may have reached hon. members. One was called "Our Land"; another was "Our History" and still another, "Our Geography", and so on. Those were distributed in large quantities. As a matter of actual fact, I know there was a substantial quantity sent to Newfoundland and no doubt some of them went to the riding of the member for St. John's West.

An amount of $10,000 was expended for the purpose of educational film scripts. I think that accounts for the $80,000.

Mr. Thatcher: Would you explain the purpose of those pamphlets?

Mr. Bradley: To educate those people who were coming here to be good Canadian citizens. They are newcomers to the country.

Mr. Knowles: I have found out that the people about whom I am asking are organizers, but I should like to know what they organize. I used to be an organizer myself, but I did not get a salary like this. Of course, I was a C.C.F. organizer. I want to know what kind of organizers these fellows are who receive $3,600 and $4,980.

Mr. Bradley: They are officials of the department who are charged with the duty of endeavouring to teach newcomers to this country how to become good Canadians. One may say they are liaison officers between the immigrants and the officials, particularly the educational officials of the various provinces into which those immigrants might go. These officers try to get the two parties together. They provide educational material of various kinds for them. Those are the duties, and I believe these officials are doing a fine job.

Mr. Thatcher: This is the last time I shall ask the minister about this item. It seems to me that last year there were more immigrants than this year, so why would you need $80,000 more this year.

An hon. Member: We are teaching them more.

Mr. Bradley: Because we have been asked for more of these educational booklets and we are doing more work.

Mr. Applewhaite: It would appear from the questions that have been asked during the last few minutes that there is some criticism of the increase in this item. I would suggest that the only criticism which should be made is that, instead of increasing ten times it should have increased twenty or thirty. Hon. members should know that for many years such organizations as the Daughters of the Empire have been urging that we put on something in the nature of a program of citizenship education. Now, economy is all right in its way, but I submit there is little economy in cheeseparing on the education of our new citizens.

Mr. Knowles: May I say I agree one hundred per cent with what the member has

said. I hope that, in turn, he will agree with me that we are entitled to have this citizenship program described to us. That is all we are asking for.

Mr. Gillis: I am far from satisfied with the answers that were received from the Secretary of State.

Mr. Knowles: What answers?

Mr. Gillis: On this particular item. The hon. member over on the other side may think that this terrific increase in that particular item is justified. He may know something about it; but the statement he has just made certainly does not give us any more information. It is no trouble to agree with him that an educational program is necessary. But why that terrific jump in one item? The minister stated that three booklets were put out last year: "Our Land," "Our History" and "Our Geography". As a member of this house I have never seen one of them.

Mr. Fournier (Hull): You are a good citizen. You do not need them.

Mr. Gillis: We should like to have a look at them. It may have been propaganda. There was an election last year. I know that when the Department of National Defence, the immigration department or any other department puts out any kind of publication, the members of the house are supplied with it. I know I have never seen one of these particular books. I should like to know why the department was hiding them or sending them out to a select group.

Mr. Bradley: I will send one over to the hon. member.

Mr. Gillis: I should be glad to get one. This is a terrific increase. We are not objecting to it if the minister can justify it; but he has certainly not justified it to date. I know that he is not supposed to have the answers. I do not expect him to have them. But I expect his officials who are in front of him to have the answers. In 1946, 1947 and 1948 we were bringing in to this country about the same number of immigrants as we brought in last year. I think the quota stands at about 120,000 a year. If each year up to 1949 the expenditure of that department was $8,000, why the jump to $88,000 in 1949? The minister also states that there is an item of $5,000 for radio broadcasting. I think that is quite high for that department, which is a fairly small one. An expenditure of that kind, without any details given, is in my opinion certainly not in order. The officials of that department should have the answers. How many of these books were sent out? I am not satisfied. I am absolutely unsatisfied with that answer. There is something the matter with somebody when you cannot get more details than that.

Mr. Bradley: I can say this: 150,000 of these booklets were sent out and there were nine broadcasts of a half hour each across Canada.

Mr. Gillis: What was the subject of those broadcasts?

Mr. Bradley: All on citizenship.

Item agreed to.

Patent and copyright office—
409. Patent division, $488,805.

Mr. Thatcher: Will the minister tell us what the reason is for the big increase in this department? There is an increase of $99,000. Will he explain the reason for that?

Mr. Bradley: That is the cost of printing patents.

Mr. Thatcher: What does the minister mean? Does he mean that it costs $99,000 more this year than last year for that?

Mr. Bradley: Yes.

Mr. Thatcher: How many more patents were issued?

Mr. Fleming: Is the minister going to answer the question?

Mr. Bradley: I did not get the question. What is it?

Mr. Thatcher: How many more patents were issued? You say this amount is for printing patents.

Mr. Bradley: It is not the number of patents that were issued. We have started printing these patents, and that was the cost of this printing.

Mr. Thatcher: Formerly you did not print them?

Mr. Bradley: They were not printed before.

Mr. Fleming: If this large increase of $100,000, in round figures, is attributable to the printing of patents—something that was recommended two years ago by the committee on banking and commerce—there must be some offsetting revenue. I presume there will be some small revenue from the printing of these patents; it may not be all outlay.

While we are speaking of this subject of the patent and copyright office, I think the minister ought to give the committee some statement with regard to the progress the office is making in reduction of the backlog. As hon. members will recall, this has been a standing reproach for some time; it is not attributable to the present staff or to the

commissioner but to the lack of adequate personnel in times past and, up until this past year, lack of adequate accommodation. I think this committee would receive with a great deal of interest a statement from the minister indicating, now that more suitable and adequate accommodation has been provided and we hope some adequate increase in the personnel available for examination of patent applications, that some really substantial progress is being made in the reduction of that big backlog of patent applications.

Mr. Bradley: Every endeavour is being made to improve conditions. But it must be remembered that the patent office has been labouring under considerable difficulties. In the first place, the war took a good deal of the staff. In the second place, it takes some time to train staff for the patent office, particularly in the department of the examiners. Then we have to get in additional machinery to handle the ever-increasing volume of applications that are coming in to the department. We are doing the best we can. I imagine that in the near future the costs of the department are going to increase and that the revenues will increase also. Did someone ask the revenue for last year, and if there was any offset? The answer is yes, $625,450.

Mr. Fleming: What the minister has said is rather old stuff to those who were in the last house. I think the minister ought to be in a position to give us some figures about the reduction of the backlog. Surely he has some figures of the number of patent applications outstanding, we will say, two years ago, one year ago and now, which he could give to the committee, so that it will have some opportunity of satisfying itself as to whether some reduction is being made in that large backlog.

Some hon. Members: Eleven o'clock.

Mr. Pouliot: Mr. Chairman—

Mr. Fleming: Can the minister answer the question? I asked the minister a question.

Mr. Pouliot: Yes, I know; but before he answers, I have a question.

The Deputy Chairman: Order. I understand the minister will now give an answer to the question asked by the hon. member for Eglinton.

Some hon. Members: Eleven o'clock.

Mr. Bradley: There is a substantial backlog. The difficulty in catching up with that backlog is that, though we are getting ahead faster, we have more to handle because the number of applications is increasing continually. As a matter of fact, we have to put in more linotype machines over there, and it is going to take some time for us to catch up with the backlog. But there is an ever-rolling stream coming in; that is the difficulty.

Mr. Fleming: Has the minister the figures?

Mr. Bradley: I cannot say that I have, no.

Mr. Knowles: Eleven o'clock.

The Deputy Chairman: Shall the item carry?

Some hon. Members: No.

Mr. Fleming: Not until we get those figures.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow at eleven o'clock we will continue the discussion of Bill No. 144, to amend the Combines Investigation Act. We hope to conclude that in the early hours, and then take up the following bills:

Bill No. 145, respecting the acquisition of the Temiscouata railway; Bill No. 146, to authorize the granting of a subsidy to the government of the province of British Columbia in aid of the construction of an extension to the Pacific Great Eastern Railway; then another, Bill No. 12, to establish the Canadian Overseas Telecommunication Corporation; and another small bill, of only one section, Bill No. 174, to amend the Pension Fund Societies Act.

When these bills have been concluded or passed we shall take up estimates, continuing with the Department of the Secretary of State, and then proceeding to mines and resources, justice and labour.

Mr. McLure: All in one day?

Mr. Fournier (Hull): I think so.

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

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

DEPARTMENT OF NATIONAL DEFENCE

Demobilization and reconversion—

250. To provide for the defence forces of the navy, army and air services, and to authorize total commitments for this purpose of $547,497,388, including authority, notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $401,942,006, and commitments for future years of $145,555,382, against which commitments it is estimated that actual expenditures in 1949-50 will not exceed $339,442,006.

251. Defence research and development, subject to allocation by the treasury board, and to authorize total commitments for this purpose of $24,439,660, including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act, to make commitments for the current year of $21,679,660 and commitments for future years of $2,760,000 against which commitments it is estimated that actual expenditure in 1949-50 will not exceed $21,179,660.

Pensions and other benefits—

827. To authorize the governor in council to increase the pension granted to Captain Joseph McNaught MacCallum under the Militia Pension Act effective August 2, 1947, by including for purposes of calculation of his pension the amount of dependents allowance that would have been paid to his wife had she not been a member of the Canadian Women's Army Corps during the period June 30, 1944, to December 6, 1945, $1.

828. To authorize in respect of members of the Royal Canadian Air Force on leave without pay and serving as instructors with civilian training organizations operating under the British Commonwealth air training plan who were killed, payment to their dependents of amounts equal to the amounts such dependents would have received under the Pension Act as amended had such service as instructors been military service in the armed forces of Canada, less than the value of any benefits received by such dependents under insurance contracts which were effected on the lives of such members of the Royal Canadian Air Force by or at the expense of the civilian organizations, $6,690.

Demobilization and reconversion—

829. To provide for the defence forces of the navy, army and air services, and to authorize total additional commitments for this purpose of $14,991,500, including authority notwithstanding section 29 of the Consolidated Revenue and Audit Act to make commitments for the current year of $6,661,500 and commitments for future years of $8,330,000 against which additional commitments it is estimated that actual additional expenditures in 1949-50 will not exceed a further amount of $4,778,000.

830. Defence research and development, subject to allocation by the treasury board—further amount required, $3,133,900.

831. To authorize, notwithstanding the provisions of the Army Benevolent Fund Act, and the Consolidated Revenue and Audit Act, release of $16,415.13 held by the president of the regimental funds board, on behalf of certain non-permanent active militia and reserve units which were not placed on active service during world war II, to the governor in council for such distribution as he may determine, $1.

HOUSE OF COMMONS

Friday, November 25, 1949

The house met at eleven o'clock.

HOUSING

RENT CONTROL—CORRESPONDENCE WITH PREMIERS OF PROVINCES

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, on behalf of the Minister of Finance (Mr. Abbott) I wish to table correspondence between the minister and the premier of Saskatchewan and the premier of Quebec on the matter of rent control.

I understand that a desire was expressed in the house that this correspondence be printed as an appendix to *Hansard*. If it is the wish of the house, I would so request.

Mr. Speaker: Is it the wish of the house to have this correspondence printed in *Hansard*?

Some hon. Members: Agreed.

(For text of correspondence, see appendix, pages 2278-81.)

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 203, for the relief of Odette Therese Gabard Coupal.—Mr. Winkler.

Bill No. 204, for the relief of Ella Maxine Shover Logan.—Mr. Winkler.

COAL

ASSISTANCE TO PRODUCTION IN ATLANTIC MARITIME PROVINCES

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to assist the production of coal in the Atlantic maritime provinces by making loans to producers of coal, and to provide therein for the conditions of such loans and the terms of repayment thereof; to provide further that the aggregate principal amount of loans made to coal producers shall not exceed ten million dollars and that the aggregate principal amount of loans made to any one coal producer shall not exceed seven and one-half million dollars.

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

Motion agreed to.

AGRICULTURAL PRICES SUPPORT ACT

PROVISION FOR CONTINUANCE IN FORCE OF SECTION 9—POWERS OF THE BOARD

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

That it is expedient to bring in a measure to provide that section nine of the Agricultural Prices Support Act, 1944, shall continue in force for such period or periods as the governor in council may from time to time fix by proclamation, but shall expire upon the dissolution of the twenty-first parliament.

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

Motion agreed to.

FISHERIES PRICES SUPPORT ACT

PROVISION AS TO COMING INTO FORCE OF SECTION 9—POWERS OF THE BOARD

Hon. R. W. Mayhew (Minister of Fisheries) moved that the house go into committee at the next sitting to consider the following resolution:

That it is expedient to bring in a measure to provide that section nine of the Fisheries Prices Support Act, 1944, shall be deemed to have come into force on the twenty-third day of July, nineteen hundred and forty-seven, and shall continue in force for such period or periods as the governor in council may from time to time fix by proclamation, but shall expire upon the dissolution of the twenty-first parliament.

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

Motion agreed to.

BUSINESS OF THE HOUSE

SATURDAY SITTINGS ON AND AFTER NOVEMBER 26 —WEDNESDAY SITTINGS AS ON OTHER DAYS

Right Hon L. S. St. Laurent (Prime Minister) moved:

That on Saturday, the 26th November, 1949, and every Saturday thereafter until the end of the present session, the house shall meet at 11 o'clock a.m., and the order of business and procedure shall be the same as on Fridays; and also, that on and after Wednesday, the 30th November, 1949, and every Wednesday thereafter until the end of the present session, the sittings shall in every respect be under the same rules as provided for other days.

Mr. A. L. Smith (Calgary West): Mr. Speaker, I should like to address a few words to this motion, which has given me considerable thought since I first saw it yesterday in *Votes and Proceedings*. I am well aware there are certain rules in the House of Commons. Although I am far from being an expert on the rules, I distinctly remember two of them. One is that one may not impute motives, and the other has to do with unparliamentary language. Therefore I find myself this morning under a most strict limitation in what I am about to say.

No rule, of course, can stop any hon. member from thinking. People are not put in jail or otherwise punished for that, yet, in the Dominion of Canada. In thinking about this matter, it occurred to me there might be a coloured gentleman in the winter kindling, if he did not occupy the whole woodpile. Considering the strain under which I am working, that is the most I am permitted to say at this time if I do not wish to commit a breach of the first rule which I mentioned.

As to the second rule, my position is even worse. I will admit my thinking was clothed in language which was extremely unparliamentary. So unparliamentary was it, sir, that I found that with almost every second breath I was calling myself to order. I did not get the obedience that you always get when you use that word. So bad did things become, Mr. Speaker, that I had to use another of your prerogatives: I had to name myself. I know when a person is named in the House of Commons it must be a matter of some shame to him. Then I felt that the house had probably acted in the matter, and upon the appropriate motion I am going to assume that I have been expelled from this house for one day certain, which is tomorrow, the 26th of November.

My shame hanging so heavily upon me, I felt I must get away from Ottawa. I did not think I could take the stares which I would get from hon. members. After all, I like my friends to speak to me, and I thought perhaps I would lose even that favourable consideration. Therefore I have decided to shake the dust—or snow—of Ottawa from my feet and go to the city of Toronto. There I am sure I will meet many of my constituents. I am also quite sure they will forgive me. They might even go further than forgiving me. They might even join me in that well-known cry, "Come on, Stampeders!"

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, what I am going to say will be far less effective than what the hon. member for Calgary West (Mr. Smith) has just said in his humorous manner. While I think most of us recognize the desire of the government and of hon. members generally to facilitate the business of the house, I think the resolution now before us asks too much of us.

Some hon. Members: Hear, hear.

Mr. Coldwell: To sit day after day from eleven in the morning until eleven at night is a strain on all members. We not only have to attend the sittings of the house and meetings of committees; there is also a certain amount of correspondence to be dealt with, and preparation to be made for the business of the house. I think the Prime Minister (Mr. St. Laurent) is asking too much of the house. Personally I believe—and I know my colleagues agree with this—that in order to facilitate the business of the house some Saturday sittings are unavoidable and warranted at this time. New business is still being placed on the order paper. I suggest to the Prime Minister that he meet the private members of the house part way, and at least have no Saturday night sittings. Members of the house want to get home to their families for the week end. I do not criticize members of the house who will not remain here, but if we sit on Saturdays it means that, with few exceptions, the only members of the house who will attend will be those who come from the far east and the far west. That has been the experience, and it is frequently so even on Fridays. I suggest to the Prime Minister that he modify the motion now before the house and avoid Saturday night sittings.

There is one other point I want to make. If the Prime Minister does not meet the wishes of some members of the house for whom I am speaking, at least this could be done. The motion reads, as on previous occasions of the kind, that the order of business and procedure on Saturdays shall be the same as on Fridays, which means that the hour from eight to nine is reserved for private bills. I do not believe that should be done. I say that, not because I am opposed to any of the private bills—although I am—but because I think if we are asked to sit on Saturday nights we should not make way for private bills when we are really sitting to deal with the public business. I ask the Prime Minister, on behalf of a number of members of the house, not only those of my own party, to modify the proposal and not insist on Saturday night sittings.

Mr. Cruickshank: I should like to say a word. I shall confine my remarks about this resolution to the hour between eight and nine tonight. I can assure you, Mr. Speaker, they will be to the point.

Mr. St. Laurent: Mr. Speaker, I trust hon. members will not feel there is any desire to

have divergent views on this subject between the government and private members. This motion is in the form in which it is usually proposed when it is hoped that parliament is nearing the end of the session. There is no desire on the part of the government to impose its will upon the membership of the house. A large number of members spend the week end in Ottawa. I know that they, like many other members of the house, are anxious to have due consideration given to all the business that has to be completed, but they hope that it may be dealt with in a proper manner without the session extending too far into the month of December.

If it is agreeable to the house to allow the motion to pass, and it seems to be the feeling of a majority of the members that without sitting on Saturday evening the business of the house can be expeditiously dealt with, I am sure the Minister of Public Works will be glad to move at six o'clock tomorrow night that the house then adjourn and resume at eleven o'clock on Monday morning.

Mr. Smith (Calgary West): I am glad you are going to the game.

Motion agreed to.

MERCHANT SHIPPING

PARTICIPATION OF CANADIAN-OWNED TONNAGE IN STERLING FREIGHT CARGOES—ACCIDENT TO S.S. "CHELOHSIN"

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): On November 23 I asked a question about reports that an agreement on merchant shipping was being negotiated in Ottawa between the United Kingdom and Canada. The Minister of Trade and Commerce (Mr. Howe) said he would look into the matter and make a reply later. Can the Minister of Transport make a statement today in this connection?

On November 21 I asked a question about the wreck of the steamship *Chelohsin* which took place on the shores of Stanley park in Vancouver. The Minister of Trade and Commerce said he would look into that matter also, to ascertain whether or not there would be an investigation.

Hon. Lionel Chevrier (Minister of Transport): With reference to the last question, as to the wreck of the S.S. *Chelohsin*, I have not yet received a report from the registrar of shipping at Vancouver, but I have ordered a preliminary investigation, as is usual in these cases. I shall be glad to advise my hon. friend of the result of that investigation when it is forthcoming.

Dealing with the other question, I should like to say that conversations have taken place between Sir Gilmour Jenkins, permanent secretary of the British Ministry of Transport, and Mr. Clyne, chairman of the Canadian maritime commission, in regard to lack of cargoes available to Canadian flag shipping. The difficulty which Canadian flag vessels have always faced is that they are unable to accept cargoes where the freight is payable in sterling because Canadians must have dollars to pay expenses. Canadians are debarred for all practical purposes from the carriage of ECA cargoes because by act of congress 50 per cent of such cargoes must be carried in U.S. bottoms and the remainder are carried by ships of the recipient nations, of which Canada is not one.

Outside of ECA cargoes, dollar freights are becoming more and more scarce. The problem is not a new one, but has been accentuated by the fall in the freight market consequent upon devaluation. Last year an arrangement was made between the British Ministry of Transport and the Canadian maritime commission whereby the United Kingdom agreed to provide what were in effect dollar freights to Canadian flag vessels, whose owners were members of conference lines, upon the basis of division of cargoes on a conference basis. In addition the United Kingdom agreed to provide convertible sterling for 45,000 tons per month for tramp tonnage. The conversations between British and Canadian shipping experts have not been concluded, but the object of such conversations is to reach an agreed basis of participation of Canadian-owned tonnage in sterling freight cargoes in face of present day conditions.

SHIPPING AND SHIPBUILDING—INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): May I ask the Minister of Transport whether it is still the intention of the government to introduce legislation at this session concerning shipping and shipbuilding?

Hon. Lionel Chevrier (Minister of Transport): Yes.

HOUSING

RENT CONTROL—REFERENCE TO SUPREME COURT

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, in the absence of the Minister of Finance, I do not know to whom I should direct this question. On November 3 the minister said that as soon as the order in council in connection with the submission to

the supreme court of the question of the constitutionality of the continuance of rent control was approved, it would be tabled in parliament. It was approved on November 16. Can the Prime Minister or the parliamentary assistant to the Minister of Finance say whether it will be tabled?

With the permission of the Prime Minister, I should like to say that I understand the matter is to be submitted to a judge of the supreme court on December 1, to secure the instructions of the court as to the course to be followed. I have seen the order in council, P.C. 5840, and I am wondering whether the Prime Minister would consider setting aside an hour between now and December 1 for the members of the house to discuss this question. It is not my desire to infringe on the rules of the house—

Some hon. Members: Order. Question.

Mr. Diefenbaker: I am trying to be helpful. There are only two more days during which we can make suggestions as to some of the terms of the submission, a reading of which seems to indicate to me that they are somewhat hypothetical and not fortified with factual circumstances establishing the continued existence of the emergency. I am making this suggestion in a spirit of helpfulness, because after the order in council has been submitted to the supreme court it will be too late to change it.

Right Hon. L. S. St. Laurent (Prime Minister): I can give the hon. member the assurance that a copy of the order in council will be tabled. I shall get in touch with the Minister of Finance to ascertain whether, under the rules of the house, some opportunity for discussing the matter before December 1 can be given.

NATIONAL FILM BOARD

BRIEF TO ROYAL COMMISSION ON ARTS, LETTERS AND SCIENCES—QUESTION AS TO GOVERNMENT POLICY

On the orders of the day:

Hon. Robert H. Winters (Minister of Reconstruction and Supply): I have now had an opportunity, Mr. Speaker, of looking at press reports to which the hon. member for Peterborough West (Mr. Fraser) referred in asking his question yesterday. On the basis of this question and a further question asked by the member for Eglinton (Mr. Fleming), the issue seems to be this: Why, since the chairman of the national film board is a member of the government, was the brief presented by the board not a statement of government policy?

[Mr. Diefenbaker.]

My answer is this: A brief was prepared and submitted to the members of the board. No adverse criticisms were registered by the board, three members of which are from outside the government service, and it was my understanding that the board concurred in the brief. As chairman of the board I explained that I did not agree with everything in the brief, and that, as a member of the government, I could not, therefore, commit the government to anything it contained. I added that, as the brief was intended for presentation to a royal commission which was expected to make an independent finding, I felt that the commission was entitled to hear views from all quarters. I said that I would not object to the brief being presented to the Massey commission, provided that it was clearly indicated to the commission that it did not represent government policy. I am informed by the chairman of the Massey commission that this view was made clear by the commissioner of the film board when the brief was presented.

In taking that attitude, I felt I was taking a liberal view while reserving the right of the government to formulate its own policies in the light of whatever recommendations might be made by the Massey commission.

Mr. Fraser: I should like to ask the minister whether, when he says he is taking a "liberal" view, that is literally a government view? Were the comments of the minister at the board meeting, and the granting of permission to send this brief to the commission, an attempt to find out what the people thought of the idea?

FOOD

SURPLUS OF CERTAIN PRODUCTS OVER DOMESTIC REQUIREMENTS

On the orders of the day:

Mr. J. A. Charlton (Brant-Wentworth): In view of the contradictory statements of the Minister of Agriculture, as reported in the press, is there or is there not a surplus of some food products in Canada today? In the absence of the Minister of Agriculture, can the Minister of Trade and Commerce answer the question?

Right Hon. C. D. Howe (Minister of Trade and Commerce): I am not sure, Mr. Speaker, what my hon. friend means by the word "surplus". Does he mean an unsold surplus or a surplus in excess of domestic requirements?

Mr. Charlton: Just what the word "surplus" ordinarily means.

Mr. Howe: There is a surplus over domestic requirements in wheat, oats, barley and several other products. It is large or small depending on the product.

Mr. Coldwell: What about eggs, cheese and butter?

Mr. Howe: The stock of butter in storage is about normal, and is sufficient to carry us through the winter. The surplus of cheese is small. Our difficulty in connection with cheese is that we have been selling cheese without ageing, and there is a small quantity in stock today that is ageing. Eggs are under contract for the remainder of this year, as is bacon.

HOUSE OF COMMONS

QUESTION OF TRANSPORTATION FOR WESTERN MEMBERS AT END OF SESSION

On the orders of the day:

Mr. G. A. Cruickshank (Fraser Valley): Will the Minister of Transport say whether or not a decision has been arrived at about transportation for the western members if they remain until the end of the session?

Hon. Lionel Chevrier (Minister of Transport): Both the Canadian National Railways and the Canadian Pacific Railway officials have been approached, and have signified their intention of assisting the members of the House of Commons from all parts of Canada. When the house rises, additional equipment will be made available to meet the convenience of the members so that they may reach their homes in time for the holiday.

UNEMPLOYMENT

BRITISH COLUMBIA—REPRESENTATIONS FROM LEGION AND LABOUR ORGANIZATIONS

On the orders of the day:

Hon. Humphrey Mitchell (Minister of Labour): I returned to my office this morning, and I understand that yesterday the hon. member for Vancouver East (Mr. MacInnis) raised the question of unemployment in the Vancouver area. It is true that since last summer some communications from labour and veterans organizations have been received in connection with the development of an unemployment situation in that area. I have directed my officers in the area to keep close watch on the situation, and to consult with interested organizations.

Recently I was in Vancouver, and while the situation does not appear to be as buoyant as it was a year ago, it can be said there is a high level of employment in that area. There are exceptional cases, but at the moment the seasonal drop in employment has been taken care of by the agency which was created for the purpose, the unemployment insurance office. As my hon. friend knows—but I think it is well to repeat it—British Columbia, and particularly the Vancouver-Victoria area, is flooded by people moving from eastern Canada. Since 1941 the population of British Columbia has increased 36 per cent, and the total employment in British Columbia has increased 16 per cent since 1946, which is the highest figure for any province in the dominion.

The member for Vancouver East can rest assured that all the governments concerned with the question he raised will watch the situation closely.

Mr. MacInnis: As a supplementary question, may I ask whether the government has a shelf of public works that could be started quickly if the minister finds the situation deteriorating?

Mr. Mitchell: There is a shelf of public works which the provinces, municipalities and federal government have right across the dominion.

COMBINES INVESTIGATION ACT

AMENDMENTS RESPECTING INSTITUTION AND CONDUCT OF PROSECUTIONS, ETC.

The house resumed, from Thursday, November 24, consideration in committee of Bill No. 144, to amend the Combines Investigation Act—Mr. Garson—Mr. Dion in the chair.

On section 1—*Attorney general of Canada may institute and conduct prosecutions.*

Mr. Diefenbaker: Under this section there are a number of questions that I should like to ask the minister. I shall refer to the particular portions of section 10 of the present act that are applicable. It says that it shall be the duty of the commission to receive and register, and, subject to the provisions of this act, to deal with applications for investigations of alleged combines; to bring to the attention of the minister every such application; to compile information and make studies concerning the existence in Canada of monopolies; to supply any person on request with information as to this act, and generally do such things as are necessary in order to carry out the provisions of the act.

In 1946, with a view to strengthening this act, section 10A was passed, which provides that the commissioner may receive complaints respecting practices alleged to be offences under this act, and may communicate the complaint and such evidence, if any, in support thereof to the attorney general of the

province within which the offence is alleged to have been committed, or to the Attorney General of Canada. As was said yesterday by the leader of the opposition, the bill before the committee adds little or nothing to the enforcement of the act. The minister candidly admitted that that was so.

The questions I wish to ask concern enforcement under section 10; for if parliament passes these amendments it needs to be assured, in view of recent experience, that they will be properly and unerringly followed so that we shall not find ourselves in the position of slightly altering the words of a statute and still making the question of enforcement dependent upon the whim, desire or orders of the Minister of Trade and Commerce.

I should like to know how many investigations have been conducted by the commissioner since October, 1935, under the provisions of section 10. I should like to ascertain what has been done, if anything, to prosecute under the report made in 1945 by the commissioner in connection with the matter of international cartels. A report was brought before parliament and published in the regular way, but, so far as I know, no prosecution has ever been undertaken. Why? The minister contends that the publication of a report by the combines commissioner constitutes a challenge to prosecution.

My next question is: What industries have been investigated since 1946 by the commissioner under the powers contained in this section? Are there at present reports in course of preparation by the commissioner touching certain industries that have been investigated? According to the *Financial Post*, this week's issue, two or three industries have been investigated, and the reports are now in process of completion. In any of these industries were any promises made by the wartime prices and trade board or by any member of the government that their assistance in production during the days of war would be regarded as insulating them from legal jeopardy?

In regard to these prospective reports I ask the minister these questions: Will they be submitted to the cabinet before they are published? Have any portions of them already been submitted to the cabinet, and if so, under what authority? For there is no provision in the statute for submission to anyone by the commissioner under this section. I should like the minister to advise the committee whether these reports will be expurgated in any way by the cabinet or by any member of the cabinet. I might add that in 1948 the then minister of justice indicated that there was no authority in the minister or anyone else to alter the reports made under section 10.

[Mr. Diefenbaker.]

My next question is: In how many cases since 1946, when this act was amended, have reports been forwarded by the commissioner or the Attorney General of Canada to the attorneys general of any of the provinces, and to what provinces? Have any of the provinces failed to prosecute on any report indicating a combine in any of the provinces?

Mr. Garson: I think it would be better to say "have any of the provinces not prosecuted."

Mr. Diefenbaker: The minister is right. Have any of the attorneys general not done so?

Then there is another matter. Provision for the report to be made by the commissioner under the provisions of section 10 is provided for under section 27, subsection 5. I read it once more merely for the purpose of founding the question:

> Any report of the commissioner or of a special commissioner, other than an interim report . . . shall within fifteen days after its receipt by the minister be made public, unless the commissioner states in writing to the minister that he believes the public interest would be better served by withholding publication . . .

Having regard to all the storm and turmoil of recent days, and the difficulties in which the Minister of Justice finds himself by reason of the interference of the Minister of Trade and Commerce, it might be wondered why the minister did not take up with the commissioner the question of giving a certificate in writing to the minister that in the public interest this report should not be published. It would have been so easy, if the public interest demanded it, for the commissioner, when he delivered that report, to have done so, and the argument would have been over. There is no use in trying to amend a section unless the section as it now stands is being enforced. The minister admits that the amendment will not add to the powers with respect to prosecution.

I have listened with interest to the explanation of the minister about the McGregor report, and have endeavoured to follow him as carefully as I could, having regard to its length. During the period from January until October 22 was not a suggestion made to the commissioner at some time that instead of an addendum he could give a certificate that it was not in the public interest to publish the report? Was such a representation made to the commissioner? If so, when was the first occasion on which this was done? Was the Minister of Trade and Commerce present on any of the occasions when Mr. McGregor was present?

These are questions that have not been cleared up as yet. They are material in ascertaining whether or not section 10 as amended will in fact be carried into effect.

I await the minister's answer to these questions before proceeding.

Mr. Garson: If I have not counted them wrongly, Mr. Chairman, my hon. friend has asked me some thirteen questions. I do not know that anything turns on them.

Mr. Diefenbaker: The minister is not an ordinary witness. He is a good lawyer, and he will have no difficulty in following them.

Mr. Garson: I wonder if the number I have given checks with my hon. friend's number?

Mr. Diefenbaker: I did not have the questions written down. But "thirteen" is a fairly lucky number.

Mr. Garson: I thought perhaps that was deliberate.

Mr. Diefenbaker: It is significant.

Mr. Knowles: I wonder, Mr. Chairman, whether the Minister of Justice could come down this way a little bit. I do not like asking him to talk louder; he has had to talk a good deal within the last few weeks. If he would just move down—no, not alongside the Minister of Trade and Commerce; that would be bad—but down near the centre of the chamber.

Mr. Howe: My hon. friend is usurping the prerogative of running the house. Suppose he leave it to the government. My hon. friend forgets that the government was elected to conduct the public business, not the small group of which he is a member.

Mr. Knowles: I will deal with that matter later. I am just making a request on behalf of the members of the house. As a matter of fact I make it in order to save the Minister of Justice from having to shout so that we can hear him.

Mr. Diefenbaker: The minister had better stay where he is.

Mr. Garson: I will try to shout. When my voice gets tired, I shall let my hon. friends know.

As to some of these questions, Mr. Chairman, I would have trouble if I attempted to answer them from memory. For example, one is: How many investigations have there been since October, 1935? I shall be glad to get that information for my hon. friend.

Mr. Diefenbaker: And table it.

Mr. Garson: I certainly would not attempt to give it from memory, because I might forget one or two.

Mr. Diefenbaker: All right.

Mr. Garson: The second question has to do with international cartels. I would have preferred that my hon. friend write his questions, because upon the language in which they are framed may depend his being satisfied with the answers he gets later, and the answers being responsive to the terms of his questions. I shall be glad to get the information for him. I think he will agree, though, that it has no immediate bearing upon this present section. If he will be content that we examine the *Hansard* report of this sitting and then bring down a return in reply to the questions he has put on the record, I shall be glad to do that.

Mr. Diefenbaker: And incorporate the information in *Hansard*?

Mr. Garson: And incorporate it in *Hansard*, yes.

My hon. friend asks: What industries have been investigated since 1946? I think that would go in the same return.

The next question was: Are there any reports in preparation touching industries that have been investigated? At a previous stage of the discussion of this bill I had occasion to say I had been instructed by the commissioner that we did not give out information as to investigations and reports in progress. Personally I would have no disposition whatever to claim that privilege, and I think that I can, within the propriety which the commissioner enjoins upon me, answer my hon. friend's question by referring him to the evidence of the commissioner himself before the prices committee, where he was called upon by the vote of the committee to disclose the reports which he had in preparation at that time. I think my hon. friend will find the report referred to there.

Mr. Diefenbaker: We have the *Financial Post* this week publishing the record of the various industries that have been investigated, and saying that the reports will be available on December 31.

Mr. Garson: Mr. Chairman, unfortunately, I am not responsible for the reportorial or editorial policy—

Mr. Diefenbaker: It is not editorial.

Mr. Garson: —of any paper.

Mr. Diefenbaker: It is Mr. Wilson's statement.

Mr. Garson: Well, I know that Mr. Wilson is a competent journalist, but if he writes a speculative article naming certain dates I am sure we would not consider we were in any way bound by it. I am quite pre-

pared to confer with the commissioner and get the reports. I have them in my mind at the moment, but in relation to the very point that my hon. friend was criticizing me for yesterday, namely, not observing secrecy with regard to my department, I would prefer—

Mr. Diefenbaker: No; at no time did I mention the need of secrecy in regard to his department. What I said was that the minister had lifted the veil on what took place in the cabinet, and indicated that there was lack of solidarity.

Mr. Garson: The same thing applies to these proceedings in the department. If my hon. friend stops to reflect upon the matter for a moment he will realize that in the course of the administration of the combines investigation commission various complaints are received from time to time and are investigated by the commissioner. In the course of that investigation, unless he finds that there are reasons for making a more thorough inquiry leading to a report, he closes that file and respects the confidences which his preliminary investigations have disclosed.

The percentage of cases which result in full formal investigation and report is less than ten per cent of the total investigated. The commissioner tells me—and I have always found him reliable on these matters—that in the interests of and in fairness to those under investigation, and proper administration of the act, it is not desirable to refer to cases under investigation until they reach the stage of a report, unless of course the fact of investigation is disclosed by the industry itself or by court proceedings. But I am telling my hon. friend, so far as the investigations to which he presumably refers are concerned, that I understand the commissioner, in his evidence before the prices committee of the last parliament, was called upon by a vote of the committee to make these disclosures, and he did make them. I have no doubt that that, and the annual report of the commissioner, are the sources of the information which Mr. Wilson has used in his article in the newspaper. In any event I shall be glad to confer with the commissioner—

Mr. Diefenbaker: Only the reports that are in preparation?

Mr. Garson: That is right.

Mr. Diefenbaker: I want only the number of investigations; I do not want the identity.

Mr. Garson: The hon. member wants the number of investigations?

[Mr. Garson.]

Mr. Diefenbaker: Yes; but I want the names of the reports now in preparation because they are revealed outside of parliament.

Mr. Garson: Yes. They were revealed first of all in parliament in the prices committee.

Mr. Diefenbaker: Just the investigations.

Mr. Garson: No; there were references to reports. I think my hon. friend will find that that is so.

Mr. Knowles: May I just have one word to help the minister? In his letter of resignation —and it is now public property—Mr. McGregor told the minister that there were two reports in draft form that he hoped to complete before his resignation became effective.

Mr. Garson: Yes, that is right; but I may tell the hon. member for Winnipeg North Centre that there are two in draft form, but there are other investigations that might fall within the question asked by my hon. friend.

Mr. Diefenbaker: I am asking for draft reports.

Mr. Garson: Is the hon. member asking only for draft reports?

Mr. Diefenbaker: Yes. What are they, and when will they be published?

Mr. Garson: I shall be very glad to give him that. As this discussion develops hon. members will see the importance of my having *Hansard* to answer these questions, because often the questions change as we go along.

The next question of which I have a note is: "Was any permission given by any member of the government—" That is as far as I took it down. What was the rest of the question?

Mr. Diefenbaker: Perhaps I can clear that up. I shall read the excerpt from the *Financial Post* and then ask the question. I quote:

> Ottawa.—A report by combines commissioner McGregor on the flat-glass industry in Canada is one of two which he hopes to complete before his resignation becomes effective December 31.

It also mentions an investigation into the rubber industry which was held in 1948 and 1949. These are the two reports. The question I asked was whether or not in either of these industries—I have named them now, because they are revealed in the *Financial Post*—any arrangements were made or promises given by the wartime prices and trade board.

Mr. Garson: Well, Mr. Chairman, if there were, certainly I would not know about it, because I was not in the government at the time that is mentioned in that report. The

report of the inquiry has not yet been received. It is not in draft form. I do not want to seem to be difficult in these things, but there is no use in any person trying to testify as to facts that he does not know. He cannot possibly be truthful about it.

There is an implication in this question which I think is unfair to the government, namely, that the ministers have been giving exemptions from the law. I have been trying my very best, apparently with great infirmity of language, to make my point clear—that so far as the flour report is concerned—that is the one we are discussing—it was not a matter of anybody giving any exemption or privilege to an industry or to the companies in that industry. As it would be in all instances, it was the case of an industry under the wartime prices and trade board carrying out regulations passed under the War Measures Act, orders made in proper form, calling upon the industry to do certain things which, were they done in time of peace by voluntary agreement, would perhaps constitute an offence under the Combines Investigation Act. By the express terms of the wartime prices and trade board regulations, orders of the board prevailed, in the event of conflict, over any other statute, including the Combines Investigation Act.

The immunity that my hon. friends speaks of is not an immunity which arises out of the promise of any minister or official; it is an immunity which arises out of the terms of the wartime prices and trade board regulations, passed pursuant to a statute enacted by this parliament. That is the law, whether it is stated to be so or not by any minister or by any official.

Mr. Coldwell: To which regulation is the minister referring?

Mr. Garson: There is a multitude of regulations applying to a large number of industries. As I said the other day, at the peak there were eighty odd administrators administering different types of industries throughout the country on behalf of the wartime prices and trade board. In the course of their duties they were directing these industries, under a system of wartime controls, to do certain things. The point is that if any of these things which an industry is thus directed to do happens to be such as might be a contravention of the Combines Investigation Act if done by voluntary agreement, there is not and cannot be any liability under the Combines Investigation Act.

Mr. Coldwell: That is the kind of document we want to see produced here; that is what we have been looking for.

Mr. Garson: I should be glad to produce the orders in council referred to in Mr. Gordon's last memorandum.

Mr. Coldwell: They refer only to the flour industry, but now the minister says there may be regulations affecting other industries.

Mr. Garson: If my hon. friend wants all the regulations applicable to these various industries, I imagine there would be quite a number.

Mr. Coldwell: Just the ones bearing on this particular point. I think it is something that must be cleared up.

Mr. Garson: I think I see my hon. friend's point. I would refer him again—I have done this once or twice before—to the legal opinion by Mr. Anger that I placed on *Hansard*. I think he will see there—and this is the point I am trying to make now in affirmative language—the considered opinion of the legal adviser.

Mr. Coldwell: I have read it.

Mr. Diefenbaker: The minister says that he has no knowledge of any representations made to these other industries in respect of which reports are now in the course of preparation by Mr. McGregor?

Mr. Garson: Yes.

Mr. Diefenbaker: There can be no argument if he has no knowledge, and he is candid in saying so. My next question is this: Will those reports, when produced, be again submitted to the cabinet instead of being published with a view to finding out whether any representations were made?

Mr. Garson: I think the question is an unfair one.

Mr. Diefenbaker: No.

Mr. Garson: Just a minute, please; let me attempt to answer it. My hon. friend asks if these reports will be submitted to cabinet instead of being published.

Mr. Diefenbaker: Yes, within the fifteen days.

Mr. Garson: My answer to that is unequivocal; they will be published within the fifteen days.

Mr. Howe: That is all you need to know.

Mr. Diefenbaker: Mr. Chairman—

Mr. Garson: Now—

Mr. Diefenbaker: That is not all that we need to know.

Mr. Garson: They will be published within the fifteen days, and that is the point we are talking about.

Mr. Diefenbaker: You have—

Mr. Howe: That is all the act calls for.

Mr. Diefenbaker: You have no power of examination.

Mr. Garson: With regard to whether these reports will be submitted to cabinet, certainly they will be submitted to cabinet. The responsibility of the commissioner is to prepare a report with his judgment untrammelled by influence of any kind on the part of the government. When he delivers his report to the government, he is in a sense, to use a legal term, *functus officio*. He has done his job of report preparing, and his report is delivered as an entity. It should be a complete entity when it comes to the cabinet. The cabinet then has to decide what is to be done with the report—whether patent action will be taken, whether prosecutions will be launched, and so forth, from that point on.

Mr. Diefenbaker: But the cabinet cannot decide whether or not the report will be published.

Mr. Garson: No; my hon. friend is quite correct in that. I ask my hon. friend if my answer is not responsive to the question he has asked. Does it cover it satisfactorily?

Mr. Diefenbaker: It covers it.

Mr. Garson: My hon. friend's impression of what is satisfactory from his point of view may be different from mine.

Mr. Diefenbaker: I am not equivocating. Before the minister goes on I should like to say one thing. The Minister of Trade and Commerce made a statement that I want to answer at this stage, arising out of an answer given.

Mr. Garson: My hon. friend has asked me eleven fairly complicated questions, one after the other.

Mr. Knowles: Thirteen.

Mr. Garson: Thirteen; I beg your pardon. I am carrying these in my mind and attempting to answer them, and he wants to stop me in the middle of the proceedings to settle some issue that he has with the Minister of Trade and Commerce. That is hardly fair to me. He asked if any portions of these reports —I understand he means the reports in preparation—have been submitted to the cabinet, and my answer is, absolutely not.

Mr. Stick: Do you have to answer that question?

[Mr. Diefenbaker.]

Mr. Garson: They would be submitted through me. If we had wished to adopt an obstructive attitude all through these proceedings we could have claimed privilege with regard to many matters which were divulged without any question. We could have claimed privilege with regard to Mr. McGregor's letter of resignation. At every stage of these proceedings, however painful it may have been to us, we have made disclosures and taken hon. members into our confidence. We have produced all the facts that we now have. I think that answers question No. 7.

Reports are never submitted to cabinet when they are in course of preparation. No matter what difference of opinion Mr. McGregor may have with the government, he has been a most diligent and honourable servant. He is called upon by the statute to prepare the report on his own initiative, and that is what he has done. It is true that in the course of doing so he kept his minister informed. In connection with the flour report he says that he had the authority of the minister of justice of that time, but he told me that that authority was only oral, not written. It did not need to be given at all. In connection with these reports there is no reference to or consultation with the government by the commissioner as to the text. The whole idea is that he shall be completely independent in the preparing of a report.

I think that answers the next question: Will it be expurgated? Certainly not; nor has the flour report been expurgated in any respect at the instance of any member of the cabinet. Any changes that were made in the flour report, either before or after it was delivered to me, were made on the initiative of Mr. McGregor and nobody else.

Mr. Diefenbaker: The minister suggested an addendum.

Mr. Garson: I have said that, and I repeat that I did not ask him, directly or indirectly, to change it in any way at all. My hon. friend refers to my having suggested that there be an addendum to the report. My statement was that I was hopeful there might be an addendum. I described in detail how Mr. Taylor, whose name I mentioned, undertook, as a friend and colleague of long standing, to ask Mr. McGregor if he would make an addendum. After considering the matter for about three days, if I remember rightly, Mr. McGregor said that he could not see his way clear to doing that. I want to emphasize again that I never suggested to Mr. Taylor that he do that. I have from beginning to end in that respect at least followed the course of complete propriety.

The next question was: In how many cases since 1946 have reports been forwarded by

the commissioner to attorneys general of the provinces? I think I had better bring down a return on that.

The next question is: Have any of the attorneys general not prosecuted? I shall also bring down a return on that.

The next question is: Why did the minister not ask the commissioner for an extension of the period of time for publication?

Mr. Diefenbaker: Not an extension—no.

Mr. Garson: For an order of extension. Because, Mr. Chairman, as I have just finished telling hon. members, I have asked Mr. McGregor and told Mr. McGregor nothing in connection with the report that would in any way interfere with his judgment. Under the circumstances, which I have already outlined to hon. members, of the introduction by him of very substantial changes in the report, if he wanted to ask that publication be held up for that purpose, that was one thing; but under these circumstances, dealing with a civil servant whose peculiar responsibility it was to exercise an independent judgment, asking by a minister is one thing and telling is another, and the line between the two may be pretty vague. The only way not to transgress that line is not to get on either side of it.

Mr. Diefenbaker: I did not suggest you should have done that either, but the section provides for it.

Mr. Garson: Yes, I know. That is my answer.

The next question asked why, instead of an addendum, there was not a certificate. There is also a barb in that question. There is an implication in it that I asked for an addendum, and I never asked for one.

Mr. Diefenbaker: Just suggested one.

Mr. Garson: I did not suggest one, no. What I said was that I was hopeful that one would be available, because I knew of this difference between these high-ranking public servants. I knew there was sincere regret on both sides that they were not able to agree. I will confess this much, that it seemed to me a most reasonable request for one of them to make to the other, that there be an addendum which would at least make clear what the views of these other two men were, so that the whole thing would be one completed document. I repeat, with all the emphasis I can command, that I was not responsible even for suggesting that that be done. It was done entirely on Mr. Taylor's own initiative.

The next question is: Was Mr. Howe present when Mr. McGregor was present on any occasion? I think there was one occasion—perhaps my right hon. friend can confirm or correct this; we have had no chance to consult on it—on which the Minister of Trade and Commerce was present when we discussed the question of the position of an industry under the wartime prices and trade board.

Mr. Diefenbaker: When would that be?

Mr. Garson: I could not tell my hon. friend.

Mr. Howe: Why should you tell him?

Mr. Garson: But I can find out for him quite easily, because Mr. McGregor has a record of it.

Mr. Howe: Is the hon. member entitled to know the details of any discussion between ministers? I think my colleague is being far too indulgent.

Mr. Garson: I may be. That is quite true, but I think in a case of this kind it is much better to be indulgent.

Mr. Howe: Some of us want to go home before Christmas.

Mr. Garson: When the propriety of the government's actions is involved, I think the better course to follow is to take the members of the house into one's confidence and give these facts, unless there is some good reason for withholding them, as there is, for example, in the case of a legal opinion upon which a prosecution is to be based. That is an entirely different matter.

I think those are the thirteen questions. If possible I will bring down answers to the others tomorrow in the form of a return.

Mr. Fournier (Hull): We want to get the bill through today.

Mr. Garson: I am sure the hon. member for Lake Centre will consent to acceptance of a return on these other matters without holding up the bill. I do not think he means that for a minute.

Mr. Coldwell: I should like to ask the minister how many copies of the report were printed and published, and what steps are taken to distribute those copies? Is the usual number being printed in connection with this report, and are they being distributed in the usual way?

Mr. Garson: I am afraid I cannot answer offhand as to the number of hundreds of copies. It is not very relevant anyhow, because we run off enough to supply all possible needs, and usually have quite a healthy surplus left over. They are issued to the daily and weekly press, and usually then to a selected mailing list. In the

present case everything connected with it, press releases and so on, has been put before the house and issued to the press so that there would be complete publicity with regard to it. So far copies have not been sent out to the mailing list, for the reason that the government was not endorsing the report, and on that account was not sending it out in that way. We have plenty of copies, and Mr. McGregor has instructions that it be available to any person who wants a copy.

Mr. Coldwell: Does the minister not think that is inadvisable? Does it not lend colour to the idea that the government does not want the report to get into the hands of the usual mailing list? If I may say so, I think the government is not acting in its own best interests in doing this kind of thing.

Mr. Garson: I can tell my hon. friend that part of the mailing list consists of trade consuls and representatives all over the world where our export flour has to go, and we thought on balance it was just as well not to advertise a report in respect of which the government was in strong disagreement. We thought upon balance it was better not to do it.

Mr. Coldwell: But what about the domestic mailing list?

Mr. Garson: So far as distribution is concerned, it is available to any person who wants to get it.

Mr. Knowles: There are one or two things I should like to say. They relate to the section before us, namely, the giving of additional power to the attorney general, who is the same person as the Minister of Justice. They relate also to the whole question that the committee has been dealing with this morning. It seems to me the additional power—strength, if you will—that the Minister of Justice needs is the strength to stand his ground even when the Minister of Trade and Commerce holds a gun at his head.

Mr. Mitchell: That is not a fair thing to say.

Mr. Knowles: Just a minute.

Mr. Howe: Let *Hansard* show the character of these people.

Mr. Knowles: If the Minister of Trade and Commerce wants to interrupt, I will answer him to his satisfaction before we are through. I confess, despite the fact that I was characterized in the press yesterday as one of the severest critics of the Minister of Justice on this matter, that I have sat here honestly trying to see what the minister has had in mind in declaring time and time again his honest feeling that he had acted honourably in the whole matter. I have known the minister for a long while, and I feel when he makes such a statement there must be something to it. I find it difficult, because there was the plain fact that the law had been broken, but in thinking over—

Mr. Ferrie: It was just stretched, that is all.

Mr. Knowles: The hon. member can get into this if he wishes. On thinking over what the minister has said, and in reading carefully his two and a half hour speech the other day, I feel that the only point at which he came even close to what I would regard as a plausible defence was when he said that after he came back from Winnipeg last January and found the race already half run before he was out of the dressing room—in other words that the law already had been broken—he felt that he was in a jam. So what did he do? He says he consulted the Minister of Trade and Commerce.

Mr. Garson: No, no.

Mr. Fournier (Hull): I am sorry, but I shall have to raise a point of order. I thought it was understood yesterday a little before one o'clock that we would deal with the clause under discussion. This morning I have been reading the first section of this amending bill, which states:

> The Attorney General of Canada may institute and conduct any prosecution or other proceedings under this act, or under section 498 or section 498A of the Criminal Code, and for such purposes he may exercise all the powers and functions conferred by the Criminal Code on the attorney general of a province.

If my understanding is correct, all we are asking the house to agree to is that the Attorney General of Canada be given the same powers as the attorneys general of the provinces to prosecute in these cases. That is the section which was called yesterday, and the section which was called this morning. I did not want to interrupt this discussion of the flour report, but it is so foreign to this amendment that I do not see how hon. members who themselves blame the Minister of Justice and the government for not following the law can repeatedly refuse to conform to standing order 58, which provides that in committee of the whole discussion must be relevant to the item or section under discussion, and nothing else.

We have had a week of discussion on this. The Minister of Justice, whom I sincerely admire, has been frank with the house in a difficult situation and has done his best to explain his position. We cannot continue with that discussion indefinitely if we are ever to decide whether the Attorney General of Canada is to have the same powers with

respect to prosecution as the attorneys general of the provinces. If hon. members do not want the Attorney General of Canada to have power to prosecute, we remain in the present position, under which the attorney general of a province may or may not prosecute. In case a provincial attorney general should not wish to prosecute, we thought the Attorney General of Canada should have that power. Is there anything wrong with this amendment? Is that the principle we have been discussing for an hour and a half this morning? I do not believe it is. So, Mr. Chairman, I would insist that those of us who blame others for not observing the law should at least follow our own rules.

The Chairman: As I ruled yesterday, this bill does not amend the act in the matter of the publication of reports; this section amends the act in regard to prosecutions, and that is all we are dealing with at the moment. There is no amendment before the committee in connection with publication. Therefore, following the ruling I gave yesterday, I ask hon. members to observe standing order 58, which reads:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

It seems to me that sufficient latitude has been allowed, and that from now on this standing order should be strictly observed. I ask hon. members to confine themselves to the first section of the bill, which refers to prosecutions by the Attorney General of Canada, and nothing more.

Mr. Knowles: I would remind the Minister of Public Works that on November 22, when some questions were being asked about this same point, he is reported at page 2059 of *Hansard* as having said:

> Mr. Fournier (Hull): I understand that when the first section of a bill is called there is usually a general discussion, and I do not see any reason why on this bill we should depart from that principle.

Mr. Fournier (Hull): Don't you think we have had that general discussion on the first section? We have been on it for three days.

The Chairman: I think the reference is to a general discussion of the sections of the bill, not to everything contained in the act which is being amended.

Mr. Knowles: Until I rose this morning I had not had a chance to speak on the first section in this so-called general discussion, at the committee stage.

Some hon. Members: Oh, oh.

Mr. Fournier (Hull): That is why we have had the general discussion.

Mr. Knowles: Surely if the general discussion is open to some hon. members, it is open to all, including the hon. member for Mackenzie.

Mr. Ferrie: I would certainly tell you something if I had you in the right place.

Mr. Knowles: I submit that on this whole matter of the powers given to the attorney general, and in the light of the indulgence, if you will, that has been shown by the Minister of Justice in discussing this matter, I should be permitted to substantiate the statement I made a moment ago, that the difficulty in this whole matter is that the Minister of Trade and Commerce held a gun at the head of the Minister of Justice.

Mr. Fournier (Hull): I am going to object to this trend being continued. I did say in the house the other day, in reply to the hon. member for Lethbridge, that when the first section of a bill is called there is usually a general discussion, though at that time I was speaking to another bill. However, I do not believe it is a general discussion on this bill that the hon. member wants. Look at the three amendments it contains; you will see that hon. members have not been discussing them at all. They have been discussing the flour report ever since the bill was introduced, in spite of the fact that there had been a previous discussion at the time the report was tabled. That discussion is being continued. Everybody knows what is on your mind; the public and press all know what it is. We have explained our position, but hon. members think they are going to get some political advantage out of continuing this discussion for three weeks.

I do not think that is the right way to discuss a bill. The government has brought down a specific bill, and from now on we are going to insist that the rules of this house be observed.

Mr. Knowles: I fully agree that the rules of this house should be observed.

Mr. Fournier (Hull): Now, don't start reading the rules.

Mr. Knowles: I also insist that it be recognized, as Beauchesne says in citation 1—and surely it must be important if it is No. 1—that the main purpose of the rules of the house is to protect the rights of the minority against a tyrannical majority. I have not turned up that citation, but I know the spirit of it very well.

Mr. Fournier (Hull): I would ask that the word "tyrannical" be expunged from the records of the house. It is not parliamentary.

The Chairman: There is no tyranny at all. I have great respect for Beauchesne, but I also respect the standing orders; and standing order 58 clearly provides that speeches in committee of the whole shall be strictly relevant to the section or item under discussion. That is the rule I have to apply.

Mr. Knowles: I was challenged in regard to a statement I made a moment ago with reference to tyranny. This is citation 1:

> The principles that lie at the basis of English parliamentary law, as Bourinot so aptly says, are: "to protect a minority and restrain the improvidence or tyranny of a majority . . ."

I submit that when other hon. members have been permitted to take part in this general discussion, and when the Minister of Justice has shown his willingness to reply, for the government leaders now to stand up and say I must not be permitted to take part in the same general discussion, when I am talking about the kind of power that should be given the Minister of Justice to enable him to stand his ground, is using the rules in a completely wrong way.

Mr. Fournier (Hull): Well, Mr. Chairman, I must repeat that we have no objection to discussion of any length on a bill. We have brought in this legislation; we think it is good, and we are ready to defend every section of it. But having gone into committee and having had such general discussion as usually takes places, without objection, we think the time has come when, even though we are in the majority, we must insist on the rules being obeyed. At almost every sitting we are reproached for being in the majority. Perhaps that is not entirely our fault; the people had something to say about it. In any event, the minority cannot continue a discussion which is out of order—

Mr. Knowles: I agree.

Mr. Fournier (Hull): —just for some political gain. We are going to insist that from now on the standing orders be observed.

Mr. Knowles: The Minister of Public Works had better watch out; there may be another point of order here. I agree that the minority must obey the rules just as well as the majority, but the majority cannot impute motives in what we are trying to do; that is against the rules. Our whole aim is to see to it that the laws of the land are obeyed, and I submit—

Mr. Garson: Including the rules of the house.

Mr. Knowles: Yes, and including section 27(5) of the Combines Investigation Act.

Mr. Fournier (Hull): You see, Mr. Chairman, even on a point of order—

[Mr. Fournier (Hull).]

Mr. Knowles: When the Minister of Justice was told to withhold the report, he did so.

Mr. Fournier (Hull): —they cannot get away from the political angle.

Mr. Knowles: Political angle, my eye! The plain fact of the matter is that the Minister of Justice told this house that when he consulted the Minister of Trade and Commerce the right hon. gentleman told him that if the minister published that report, he would issue a contradictory statement at the same time.

The Chairman: Order. I have given my ruling, and I ask the hon. gentleman to confine his remarks to the section under discussion.

Mr. Knowles: Very well; there will be another opportunity.

Mr. Higgins: I believe I am in order if I ask a question. I dispute the necessity for the amendment at all, in view of the answer given by the minister to the hon. member for Vancouver East, as it appears on page 69 of *Hansard* for September 20. The question asked by the hon. member was:

> I should like to ask whether the Department of Justice has taken any action against the companies mentioned in the reports of the investigations under the Combines Investigation Act into the optical and bread business.

At that time the minister replied:

> The answer is that in both of these instances the preparation of the case and the handling of it are in the hands of counsel who I understand are making as swift progress as they can.

Is there any difference in this case? Are the counsel in those particular cases still proceeding without the necessity of having the act amended, or what is the position?

Mr. Garson: My hon. friend could not have been following the course of the debate or he would not ask that question. It has been explained several times that when the Attorney General of Canada goes into a province to lay an information under the Combines Investigation Act—in that case the province of Alberta—he does so with the consent of the attorney general of the province and through his courtesy, and all the proceedings are taken in the name of the provincial attorney general. This leaves the whole matter in this position: if at any time it should be considered desirable to prosecute in any province, the attorney general of that province not only could decide not to prosecute, but could withhold his consent, and then the Attorney General of Canada could not prosecute.

Mr. Higgins: Are these other prosecutions continuing now?

Mr. Garson: You mean the bread prosecutions?

Mr. Higgins: Yes.

Mr. Garson: The practice in these matters is to take the report and the many volumes of transcript of evidence upon which the report is based and send them to counsel, and at the same time apply to the attorney general of the province for permission to prosecute. Then counsel goes through that mass of material—my hon. friend, being a lawyer, will realize what that involves—in order to form an opinion, first of all. As a rule that is a written opinion he gives us as to whether it would be worth while to prosecute at all. After he has given that opinion he proceeds to prepare his case, and when he thinks he has his case properly prepared, which requires weeks, he lays his information and proceeds. That is what is going forward in connection with the bakeries report.

Mr. Higgins: Has any information been laid yet?

Mr. Garson: It had not when I last made inquiries.

Mr. Higgins: It was in the hands of counsel on September 15?

Mr. Garson: Yes.

Mr. Higgins: And no opinion has been given yet?

Mr. Garson: Yes, we have an opinion. That was one of those opinions the hon. member for Rosetown-Biggar was asking us to produce and table, which for obvious reasons we did not wish to do. Counsel has given an opinion, and among other things we are anxious to get this bill through before we lay an information.

Mr. Diefenbaker: In 1946, when the last amendments were before the house, the then minister of justice was kind enough to accept an amendment that I moved which did away with the necessity of either the Attorney General of Canada or the attorney general of a province laying an information, and restored the right to the individual. I am afraid this amendment will have the effect of nullifying the amendment of 1946, in that it will permit only the Attorney General of Canada, or the attorney general of the province in which the offence is allegedly committed, to take proceedings. Therefore I move this amendment:

Provided, however, that this shall not in any way be deemed to limit the right of any private individual to institute proceedings under this or any other act relating to combinations in restraint of trade.

Unless this is inserted I am afraid the amendment contained in section 1 will have the effect of denying the individual the right to take proceedings.

While I am on my feet I want to say something else. I am not one of those who have an eggshell susceptibility to statements made in the house, but I resent a statement made a short time ago by the Minister of Trade and Commerce. I think his statements were uncalled for and unjustified. Because we are contending that the cabinet, above everything else, maintain the law, the Minister of Trade and Commerce used these words: "Let *Hansard* show the character of these people." I resent that, Mr. Chairman—a member rises and contends that no government is above the law, that the principle of Louis XIV—"I am above the law"—is dangerous, and—

Mr. Fournier (Hull): I rise to a point of order.

Mr. Diefenbaker: I am on a question of privilege.

Mr. Fournier (Hull): My point of order is the general rule that remarks should be confined to the section under discussion, according to standing order 58.

Mr. Diefenbaker: I am directing my remarks to a statement of the Minister of Trade and Commerce.

Mr. Fournier (Hull): I insist that my hon. friend cannot go beyond the section under discussion merely in order to express some personal sentiment.

Mr. Diefenbaker: I say, Mr. Chairman, that it is wrong for any member of this house, much less the minister, who has shown an egocentric contempt of parliament, to suggest that the character of hon. members is in question because they insist that the ministry is not above the law.

The Deputy Chairman: I am sorry to interrupt, but I should like the hon. member to confine his remarks to the amendment that is before the committee.

Mr. Garson: May I ask the mover of the amendment if he could indicate the section of the act to which it purports to refer?

Mr. Diefenbaker: No.

Mr. Garson: I listened to my hon. friend's remarks as to what the stage of the law is now. While I may have misunderstood him, I certainly would disagree with him if I understood him correctly, because he was referring to an amendment that was made in 1946.

Mr. Diefenbaker: That is right.

Mr. Garson: I have here the Combines Investigation Act. It is an office consolidation, chapter 26, Revised Statutes of Canada, 1927, as amended by—and then there are three statutes, one being chapter 44 of the statutes of 1946. I turn to section 31, subsection 2, of that office consolidation. It reads as follows:

> The Minister of Justice may instruct counsel to attend on behalf of the minister at all proceedings consequent on any information being laid for an offence under this act.

It provides only for the instruction of counsel. In the amendment now before the committee, we are providing, in substitution for subsection 2, section 1, which reads as follows:

> 1. Subsection two of section thirty-one of the Combines Investigation Act, chapter twenty-six of the Revised Statutes of Canada, 1927, as enacted by section ten of chapter forty-four of the statutes of 1946, is repealed and the following substituted therefor:
>
> "(2) The Attorney General of Canada may institute and conduct any prosecution or other proceedings under this act, or under section four hundred and ninety-eight or section four hundred and ninety-eight A of the Criminal Code, and for such purposes he may exercise all the powers and functions conferred by the Criminal Code on the attorney general of a province.

There is not a syllable in our amendment which in any way transgresses the rights of private people to do anything under the sun that my hon. friend is talking about. It seems to me that his amendment is irrelevant, and that the point which he has made is not valid.

Mr. Diefenbaker: I must say, Mr. Chairman, that I changed my point of view after listening to my hon. friend. I was under the impression that the amendment introduced by the minister would in fact have the result of nullifying the amendments that were accepted by the present Prime Minister, as minister of justice, on July 3, 1946. What I am trying to do is to make the act workable. I am inclined to agree that the Minister of Justice has made out a case, and I certainly do not want on the statute book amendments that are ineffective. With the leave of my seconder, I withdraw my amendment, because my hon. friend's argument is convincing.

The Deputy Chairman: The hon. member for Lake Centre asks leave of the committee to withdraw his amendment. Is leave granted?

Some hon. Members: Agreed.

Amendment (Mr. Diefenbaker) withdrawn.

Mr. Argue: As I understood the minister's reply to the hon. member for St. John's East, the preparation of the case for prosecution—if that is the right terminology—of the bread baking industry is still going on. Will the minister tell me how he can undertake the prosecution of the bread combine when that industry during the war must also have been under the control of the wartime prices and trade board? Furthermore, as I read the reports in that instance in relation to the bread combine, the last offence, if there was one, took place more than two years ago, on September 15, 1947. Does the minister really believe that he could get a conviction at this time?

Mr. Garson: My hon. friend's first question was about the bread baking industry. I want to be sure I get it completely. What was his first question?

Mr. Argue: Was the bread industry under the wartime prices and trade board throughout the wartime period, and therefore could not be prosecuted for anything that it did during that period, the same as the flour milling industry?

Mr. Garson: The test is not whether an industry is merely under the wartime prices and trade board regulations. The test is whether the regulations which are applicable to the industry call upon it to do things which might otherwise be offences under the Combines Investigation Act. The difference between the two cases, as I am advised by members of the wartime prices and trade board—and I consulted Mr. Gordon in this connection—is that in the case of the flour report there was that type of order—that is, the subsidy and profit-control arrangement; whereas in the case of the bread report, there was not. The prosecutions therefore can, we think, be successfully taken. We are so advised by Alberta counsel whom we consulted in the case of the bread report. In the case of the flour report, however, apart altogether from the propriety of prosecuting people for doing the things that you direct them to do under one government department, there is grave question whether it would be possible to make out a case at law.

In this connection I think I should point out something that has a good deal to do with the motives which have been imputed to the government, because we have been accused of being too charitable towards certain interests. I would point out to the hon. member for Assiniboia that several of these bakery companies whom we shall be prosecuting are partly or wholly owned by milling companies or are subsidiaries of milling companies.

Mr. Argue: I know that.

Mr. Garson: In the bakery cases, therefore, we shall in some respects be prosecuting the same people that we refrained from prosecuting in the flour case. The difference between the two cases is that in the flour

case the industry was doing what the wartime prices and trade board told it to do when it is alleged that it was guilty of an offence under the Combines Investigation Act.

The second point that my hon. friend referred to has been submitted to counsel in Alberta, and he assures us that it is proper to proceed. We are taking his advice, and we are proceeding.

Mr. Argue: But it is more than two years since the last offence, is it not?

Mr. Garson: Perhaps my hon. friend was not in the house when I answered that question the other day; it was raised by the hon. member for Lake Centre. The case referred to by the hon. member for Lake Centre was one in which the court decided that on the evidence there was such a continuity of offence that it was not necessary for them to decide whether or not the two-year limitation applied.

Mr. Browne (St. John's West): I have one observation to make on the reply given by the minister, and that is that the time is getting close to the end of the two-year period.

Mr. Diefenbaker: It is long past.

Mr. Browne (St. John's West): As I read the report of the bread baking industry, the last offence occurred in January or in February of 1948. I should like to have an assurance—the minister was going to make it, but he did not complete his answer—that they are going to prosecute.

Mr. Garson: The best assurance I can give is this: If hon. members will just get busy and put this bill through, we will prosecute right away.

Section agreed to.

On section 2—*Corporations to be tried without a jury.*

Mr. Diefenbaker: Mr. Chairman, this is a most important section.

Mr. Whiteside: Here we go again—a lawyer's battle.

Mr. Diefenbaker: It is not a lawyer's battle. The jury system has been the protector of the rights of the people all through the years. The greatest speeches that have ever been delivered on our heritage of freedom have been delivered on the maintenance of the jury system.

Mr. Garson: Not on behalf of corporations under the Combines Investigation Act.

Mr. Diefenbaker: That is scarcely worthy of the minister. Great corporations and individuals are entitled to the same rights under law.

Mr. Fournier (Hull): Corporations cannot go to jail.

Mr. Diefenbaker: No, they cannot go to jail, but that does not enter into the question whether or not they should be entitled to a jury. As a matter of fact if I were counsel for the defence in a combines case I should be very much inclined to hope that it was not before a jury. That has been the experience. I am going to quote a few references in a moment, because if you follow the combines cases you will find that counsel for the accused usually try to get away from a jury. One of the outstanding instances—and I do not want to refer to the case unless somebody insists—occurred in 1932. In 1932 one of the greatest combines cases ever fought in this country was tried. There were eighteen counsel for the defence, and about twenty more sitting behind them who could not practice before the bar in Canada. If there was one thing more than another that they wanted, it was to have a trial without a jury.

Some will say to me, as the minister did the other day in his general summary, that the proceedings in these cases take quite a while. If the combine has been detrimental to the public interest, the possibility of the case taking a few more days is scarcely an answer to the question whether or not juries should be done away with in combines cases.

A former attorney general of the United States, now a member of the supreme court of that country, tried on more than one occasion while he was attorney general to depart, ff it was possible to do so, from the constitutional provisions of the United States and to provide for trial before a judge without a jury. In the two minutes at my disposal before one o'clock I cannot quote him, but I shall do so after we resume.

In 1946 Mr. Ilsley said that the greatest deterrent was publicity. He advocated publication of the report, and said that the people as a whole know whether or not their rights are being interfered with. The attitude towards combines changes with the years. It becomes a matter of judicial interpretation. What was an offence thirty years ago may not, in the opinion of a judge, be an offence today. But a jury has that abiding sense of what public opinion is. I feel that taking away the jury in the trials of combines, and the like, is in fact removing one of the greatest and most positive sanctions in the preservation of law.

I cannot conceive that the excuse that it takes a little longer, that it is difficult for

juries to understand—this was implied in words of the Minister of Justice—the complexity of some documents, is a good one for the departure from the jury system which I believe is peculiarly fitted to meet the demands of public opinion. Two years ago Mr. Ilsley said that this was the reason for publicity. He said: Give the people the story as to what the commissioner has found. Let them know. Let public opinion be aroused. Let it be created. Let the people realize what is taking place. I was one who took the stand, and was criticized for having done so, that we should not publish the report before the trial because it would interfere with the fairness of the trial. That was brushed aside. The point he made was this: public opinion must be created. Only by public opinion can laws such as the combines laws be maintained.

A judge, with all his learning, still does not have the infallibility that is created by public opinion. Twelve men on a jury trying a matter such as this know what fairness is and what exploitation is, as no judge, removed as he must be by his position from public opinion, can ever know. It is not just a question of law. The judge will instruct the jury on the law. If ever you want to see to it that the law is maintained and that public opinion enters into the maintenance of law, it is in the law of combines.

Mr. Fournier (Maisonneuve-Rosemont): May I ask a question? Suppose the verdict of the jury is not in accordance with the law; what will happen?

Mr. Diefenbaker: That is exactly where the appeal court comes in.

Mr. Fournier (Maisonneuve-Rosemont): In the appeal court you take the case out of the hands of the jury and put it back in the hands of the judge.

Mr. Diefenbaker: You take it to the appeal court on the law. If the law is such that there was no case to go to the jury, the judge would have withdrawn it or directed a verdict of not guilty. But in the elaboration of the facts and the conclusion based on the facts, public opinion must manifest itself before it is tried by jury.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Diefenbaker: Mr. Chairman, I had just about finished my remarks on this section. The hon. member for Maisonneuve-Rosemont had asked me what the situation would be if the facts under law constituted no offence. In that event the judge would direct the jury to bring in a directed verdict of not guilty, because the facts did not constitute an offence.

Mr. Garson: The same as in the dental case.

Mr. Diefenbaker: Yes.

Mr. Fournier (Maisonneuve-Rosemont): That is not really the answer the hon. member gave. If my memory serves me correctly, the hon. member told me that there would be an appeal.

Mr. Diefenbaker: I said, in the event of a mistake having been made.

Mr. Fournier (Maisonneuve-Rosemont): The judge is not the master of the verdict; it is the jury.

Mr. Diefenbaker: In the event that a mistake in law was made by the judge, then there could be an appeal. During the noon hour I looked up a famous direction that was given by Lord Bacon to a barrister whom he was inaugurating as a judge. He said:

> That you be a light to jurors to open their eyes and not a guide to lead them by their noses.

That saying of nearly four hundred years ago is a good summary of the functions of a judge and jury.

Mr. MacInnis: Which part does my hon. friend play when he is addressing a jury?

Mr. Diefenbaker: Not having occupied the position of judge and having little hope of ever being in that position, I find the question too hypothetical to answer. I had mentioned before lunch that the jury is indeed the conscience of the people in their attitude toward and interpretation in the light of the law of social problems. I mentioned what Mr. Ilsley had said in 1948 and I should like to quote that because it summarizes his view as to the need of publicity in connection with a report under section 27 (5). As reported on page 4919 of *Hansard* of June 8, 1948, Mr. Ilsley said:

> I submit that it is necessary that there be publicity. At least, it is my contention or submission that there should be publicity. This offence is not at all like an offence that speaks for itself. It is all a mystery. The public has no way of knowing whether there is any combine or not. It is not like theft, bank robbery or any of those other overt or open acts where it is clear that there has been an offence. Here there is just a dark surmise and that is all. If the public is to know anything at all about this, it must be explained to them by the report of somebody who has made an investigation. If you have no provision that that report is to be made public,—

I accentuate these words:

> —there is no possibility of an opportunity for public opinion to operate on governments, attorneys general or ministers of justice. There is no pos-

sibility of that; and you have to make a strong assumption that public officials will be fully alive to their responsibilities.

But after all, there is not much difference between the publication of a report by the commissioner and a preliminary inquiry into a criminal action. The commissioner has no judicial power; that is, he cannot himself determine the guilt of the accused. All he can do is express an opinion. The question is how far he should go in expressing an opinion, and whether he should not confine himself fairly well to facts.

I shall now summarize my submission in connection with this section. As I understand the Minister of Justice, one reason he advanced for not having juries in combine cases against companies is the complexity of the evidence, consisting as it must in considerable part of voluminous documents, memoranda and the like. Second, it would require a great deal of time for counsel who would have to read the documents. The minister cited the dental case as an example. He said there were 1,800 documents put in and that it took a long time to read them, and the whole case took some three weeks at the outside.

Mr. Garson: And the crown lost the case.

Mr. Diefenbaker: Yes, but the jury never got a chance, because no facts were placed before them upon which they could convict. I submit that expediency or shortening the period of trial should not weigh in the scales against having a jury.

Another argument was that corporations and not natural persons would be affected. A corporation is a natural person. When corporations are charged with conspiracy under British law or with an offence corresponding with that in section 498 of the Criminal Code, they have an inherent right to trial by jury. In the United States combines must be tried by jury because of the particular provisions of their constitution.

My first point is that no justification or excuse has been shown to abolish the time-honoured body whose responsibility is to determine the evidence. Throughout the years juries have upheld progress. The jury constitutes the public conscience. The jurors represent the community sense of justice. History and experience show that they have by their verdicts protected the individual against unjust and unfair laws. In other words, they have been the upholders of the collective conscience of the community.

Where is there a better type of case for a jury to try than a combines case? The attitude of the law changes over the years. The public conscience changes, and it has changed in regard to combines. There are two different views on the subject. There is the United States view that bigness of itself is an offence. The American attitude is that the size of a business determines in large degree whether or not it is a combine detrimental to the public. The British concept is that bigness of itself is insufficient to found a conviction, and that the detrimental effect on the community must be taken into consideration and proven.

The experience of the effects of big business has shown that a major reason why we have so high a standard of living is the mass production which has resulted from combinations in business that have been not detrimental to the public but actually beneficial to progress. The British concept is that there is detriment in agreements designed to destroy competition, and having destroyed competition they are detrimental to the public interest, in particular to the producer or the consumer. A reading of the authorities in the United States reveals a long record of trust-busting. Since the days of Theodore Roosevelt, there has been a changing attitude apparent in the United States Supreme Court decisions. That trend has finally arrived at a point where, under the recent anti-trust acts, a large corporation is, by reason of size, presumed to be dangerous to the public interest.

In Canada, following as we do the British attitude and concept, the whole basis of prosecution is dependent on proof by the prosetion that what has been done will detrimentally affect the public interest, or is likely to do so. I believe that twelve good men and true, representing as they necessarily must different views, occupations, backgrounds and traditions, when operating in unison on a jury, will represent the public attitude more correctly in regard to alleged detrimental acts charged against a defendant than a judge without a jury. In making that statement no criticism is intended of any judge, or of the judiciary generally. In his position a judge is detached and above the influence of public opinion in the judgments that he renders. Holding that high and exalted position, he must necessarily be. The twelve jurymen are men of the world and men of the community. They know the public interest. I believe this question should be seriously considered before doing away with trial by jury in combines cases in so far as corporations are concerned. In my opinion, doing away with a jury is removing the effective deterrent of public opinion, upon the enforcement of which this legislation is dependent.

Mr. Carroll: I should like to ask the Minister of Justice what judges will try these cases as a result of the amendment? Will they be tried by judges of the district courts in the

eastern and western provinces, and in the province of Quebec by judges who deal with speedy trials?

Mr. Garson: No. I apprehend that trials of these offences will continue to be held only before a superior court judge on indictment and trials of corporations, following the passage of this section.

Mr. Carroll: I am not objecting to the amendment as such, but I think the time has arrived in Canada when the Department of Justice and the departments of the attorneys general of the various provinces should move with extreme caution in doing away with the time-honoured system of jury trials. I did not have the privilege of hearing the opening remarks of the Minister of Justice on this section, but in the various provinces there is a system under our civil procedure whereby a judge can, on application, withdraw a case from a jury before trial. It is done because of the facts of the case. If they deal with questions of technique, questions of science, questions of immense calculations of figures, and so on, then if the judge is satisfied to that effect he can withdraw such a case from a jury and try it himself. In many cases the judge will then send for an assessor, or some official of that kind, to assess and calculate, where it is a matter of figures, so that the judge may come to a better conclusion upon such questions.

I have not much doubt that companies acting in restraint of trade would rather not have juries because usually juries are looked upon as being against big interests. On behalf of juries I want to say that I defended criminals in my own province and in one of the western provinces. I prosecuted for the attorney general's department for a good many years, and I was a member of the judiciary where I tried many criminal and civil cases. Only in one instance did it come to my attention that a jury did not arrive at a result which I considered satisfactory in the interests of justice and of everyone concerned. It was the first criminal case I ever defended in the province of Nova Scotia. The man was acquitted and he should have been convicted. He was acquitted, not because of any great intellectual address I made to the jury, or because of any great maxims of law that I presented to the judge and jury. After the trial the foreman told me the reason was that I was a newcomer in the community and not a bad sort of fellow and he said the jury thought they would give us a chance. Nevertheless, I am not convinced that is any reason for taking away from juries the right to try criminal offences.

I am not objecting to the adoption of this amendment. All I am suggesting is that the justice department and the various provincial departments go very slow in doing away with the time-honoured right of citizens of this country, whether they be individuals or combinations of citizens in the form of companies, of being tried by a jury on any criminal charge. I am not sure whether or not it is in the Criminal Code, but in the province of Nova Scotia we have a provision under which the attorney general may request the judge in a particular case to send that case back to the district court for trial. Or perhaps it is the other way around and the attorney general has the right to intervene in order to prevent a person from going to trial before the district court.

At the moment we are dealing with a corporate entity, not an individual. I should think this is the sort of legislation that would be asked for by the big corporations, because generally speaking juries have the reputation of being against corporations. As far as my own province is concerned, I think the people there know pretty well where I stand in regard to combines in restraint of trade and particularly cartels. I am not speaking to this amendment because I think it will be unfair to any particular company that may be charged; but it seems to me that if a company is charged with a crime that flows from the ten commandments of God or from the natural law, it would have an absolute right to the privilege enjoyed by any individual in this country, of having the matter disposed of by a jury. They should not try to get away from that position; they should not ask for any special legislation. I am not suggesting that this amendment has resulted from anything said by any company or corporation in this country that may have been or in future may be charged under this section of the act. I would rather suspect that this has been suggested by the gentleman who has been prosecuting these cases, who has been finding it difficult to get juries to give judgments against those accused.

I should rather think that a corporation or combination of corporations charged under this act would have the right to go to a district court judge and elect speedy trial. If that is the case I do not see why it is necessary to bring in this amendment. I am not so sure on that point; it may be that only persons who are held in jail have that privilege, but I do know that in some cases, at least, companies charged with offences, though not under this legislation, have exercised that option and gone before a judge.

The Minister of Justice has given as the reason for this amendment the fact that in

these prosecutions so many intricate matters have to be dealt with that it is better to proceed without a jury. Even so, I believe the department should give consideration to permitting the judge presiding over a trial of this kind the privilege of exercising the prerogative which judges now possess in civil cases, that of taking the case away from the jury and trying it themselves if that course seems indicated. I have no doubt in the world that the present judges throughout this country—I am not referring to those who have been on the bench in the past—would exercise the very greatest care and caution to see that justice was done in these matters.

I had intended to say a word on the next amendment, but perhaps I had better wait until it is called.

Mr. Macdonnell (Greenwood): Mr. Chairman, it is a bold thing for one who is not a lawyer to step into a debate that has been carried on by lawyers. As I have confessed to this house in times past, I am only a kind of reformed lawyer, but I should like to say just a word on this because I would hope that even at this late stage it might be possible to persuade the minister to have regard to what has been said by the last two speakers. It may be that juries sometimes make mistakes, but after all the electorate sometimes makes mistakes, too; and even those who feel that the electorate made a mistake do not suggest that the law should be changed to deprive it of its functions.

Speaking seriously, however, it seems to me important not only that the decision in any prosecution should be right, but that the public should accept it as right. In my opinion, there is unfortunately more danger of the public misunderstanding and not accepting a verdict when it is given by only one man who, as has been said already, may appear to the public to be somewhat remote from them, than if the decision were given by a jury. But the real reason I rose was not to express my own view but to present a bit of evidence from a man with vast experience with juries, and this is the last thing I want to say. I remember years ago reading a statement of the late Lord Birkenhead, who you will remember was first of all a great lawyer and finally lord chancellor. As I recall it he said that after trying hundreds of jury cases he thought the juries had been right in every case but three, and that in two of those three cases where he originally thought they had been wrong, subsequent knowledge and subsequent reflection had made him believe them to be right.

That is the view of a man who I suppose would have as much right to express an opinion on juries as any man in our generation. That is extraordinary praise, it seems to me, for this institution which you might say has become part of the pattern of our life. As the last speaker said, it seems to me a pity if, without the greatest and most profound consideration and even hesitation, this amendment should take away this time-honoured and effective institution.

Mr. Garson: I think perhaps the remarks that have been made require a short reply. I am in the rather paradoxical position of agreeing with all the reasons that the preceding speakers have advanced but differing completely from the conclusions they have reached. The reason I differ, I think, is that as I understood their remarks they mainly had to do with the ordinary run of jury cases in which the liberty of the subject is involved. In this case, so far as the withdrawal of the right to trial by jury is concerned, I believe every member of the house is agreed that there would be an overwhelming disposition to maintain trial by jury, which has been granted to people of British descent by Magna Carta and the Bill of Rights of 1689. That is not what we are really concerned with, however, in the Combines Investigation Act. The trying of a corporation by jury is not a time-honoured process by any means; it is a development that has taken place within the last one hundred years.

It requires but a slight amount of common sense to realize that a corporation cannot be tried by a jury of its peers. You cannot impanel a jury of twelve corporations to try a corporation. The real necessity for trying cases under the Combines Investigation Act by a judge alone, arises out of the consideration that was mentioned by the member for Inverness-Richmond when he said there is power now, in cases involving specialized knowledge, to withdraw the case from the jury and turn it over to an assessor or some officer of the crown.

Mr. Diefenbaker: Is that not only in civil cases?

Mr. Garson: Yes, but the principle is the same. In any case, this is a statutory crime with which we are dealing, really a sort of economic offence.

The real point in connection with these charges under the Combines Investigation Act is that there may be a dozen companies indicted, and the charges may cover a multitude of facts extending over a long period of years. In studying the evidence that is presented, corporate interrelationships of an intricate nature are usually involved, with exhibits running into the hundreds. Then the length of time which a

trial takes is considerable. In the Imperial Tobacco case in Alberta the trial lasted for 56 days. When you impanel a jury of busy people, and in my experience jurymen are always busy and are reluctant to be impanelled at all, and then ask them to absent themselves from business for 11 or 12 weeks in order to try the case, you can realize what a burden it imposes on the jury, and that you are not likely to maximize the disposition of the jury to dispense justice by insisting that the jury stay together for that length of time. It is due to these considerations that, not the large corporation, not the boards of trade, as the hon. member for Inverness-Richmond said, but those who are charged with the administration of this act have asked that the option which is now enjoyed by corporations of being tried with or without a jury be withdrawn.

As I did on a former occasion, I desire to emphasize that there is not the slightest suggestion that that option should be withdrawn from any individual accused.

The Chairman: Shall the section carry?

Mr. Diefenbaker: On division.

Section agreed to.

The Chairman: Shall section 3 carry?

Mr. Drew: On division.

Section agreed to.

The Chairman: Shall the title carry?

Mr. Coldwell: Before the title carries, Mr. Speaker, I suggest there are two or three respects in which this act is still very weak, and I should like to call the attention of the house to a few particulars in which we think the act needs strengthening. In order to place my views before the house I shall move an amendment, which I believe it is competent to do before the title carries. In order that I may place the amendment before the Chair, I shall read it and then comment upon it. Of necessity, it is rather long but that cannot be avoided.

I move, seconded by the hon. member for Vancouver East (Mr. MacInnis):

That the bill be amended by adding thereto a new section 4, as follows:

4. The said act is further amended by adding the following section immediately after section 31 thereof:

31A. (1) Whenever, from or as a result of an investigation under the provisions of this act, or from or as a result of a judgment of the supreme court or exchequer court of Canada or of any superior court, or circuit, district or county court in Canada, it appears to the satisfaction of the governor in council that a combine exists, the governor in council may issue and cause to be served on any person, an order requiring him to cease or desist from such acts or practices actually proved against him and which in whole or in part constitute the operations of a combine or the processes of the formation of such, and to cease and desist as well from any other act or practice in pursuance of the operations of such combine or the formation thereof, to the extent to which the governor in council shall deem it reasonable or necessary to prohibit.

(2) Any person whom the governor in council shall have so ordered to cease or desist from any act or practice in pursuance of the operations of a combine or the formation thereof, and who thereafter shall omit or refuse to desist from such act or practice, shall be guilty of an indictable offence and liable to a penalty not exceeding one thousand dollars and costs for each day after the expiration of ten days or such further extension of time as in the opinion of the governor in council may be reasonable or necessary, from the date of the service upon such person of the order, or to imprisonment for a term not exceeding two years; and any director or officer of a company or corporation who shall assent to or acquiesce in such omission or refusal by his company or corporation shall be guilty of such offence personally, and cumulatively with his company or corporation and with his co-directors or associate officers.

While it has been placed in legal form, which I am advised is the proper form in which the amendment should be placed, it has a very simple meaning. It means that the governor in council may call upon any corporation or any individual against whom proof exists that they have formed a combination to restrict competition, or to obtain a common price level, or have done other acts which bring them within the scope of the Combines Investigation Act, to cease or desist even before the case goes before the law courts. I understand that such a provision was in the original act, and it is necessary that the government should have this power today. I believe it is in the public interest that an amendment of this sort should be placed in the act. I believe I am within my rights in moving such an amendment now.

Although couched in legal phraseology, and in rather more lengthy terms than I like placing before the house, the meaning of the amendment is quite clear. It is that the governor general shall have the power under this act to call upon corporations, individuals or groups who may be involved in a price-fixing or other combination, to cease and desist from acting as a combination, the one with the other.

I submit, Mr. Chairman, that this is a proper amendment to move at this time. The act is under our consideration, and apparently we are all in favour of reinforcing it in every particular in which it can be strengthened. Under the rules of this house and the citations in our books of rules and order, I think it is quite in order to move this amendment at this time; and I therefore move it.

Mr. Garson: Mr. Chairman,—

Mr. Drew: I do not want to interrupt the minister, Mr. Chairman, but I would point out that section 3 has not yet been passed.

Mr. Fournier (Hull): Oh, yes.

Some hon. Members: Yes.

Mr. Drew: No. The debate was on section 2 in regard to juries. There has been no discussion on section 3 and it has not been passed.

An hon. Member: It was carried.

The Chairman: It was called and carried.

Mr. Drew: By mistake, Mr. Chairman, you may have called section 3, following the debate on section 2; but if so, section 2 was not carried.

Mr. Garson: Oh, yes.

Mr. Drew: Whether hon. members like the length of the debate or not, let us at any rate keep the debate in some sort of order. The debate was clearly upon section 2 in regard to the abolition of the right to jury trial. That was the discussion right up to the point that the motion was put. If section 3 was called, then it was an error. But there has been no discussion on section 3 at all, and it is an exceedingly important section.

Mr. Fournier (Hull): I was following the procedure most attentively, Mr. Chairman, and after section 2 carried I heard the chairman call section 3. Nobody stood up. Section 3 carried. Furthermore, Mr. Chairman called the title and said: Shall the title carry? At that moment the leader of the C.C.F. stood up and said: Before the title carries, I should like to move an amendment.

Mr. Coldwell: That is right.

Mr. Fournier (Hull): I think I am stating the facts as they are.

An hon. Member: That is right.

Mr. Garson: One is rather reluctant, Mr. Chairman, to embark upon a discussion of a motion of this sort which apparently has had a great deal of thought upon the part of the hon. gentleman who moved it, especially without any advance notice of its contents and without any opportunity of preparing to meet it. But I would suggest, from the casual reading of this amendment that I have had the opportunity to do, that it is inadvisable for us to pass it. What is more, I am seriously of the opinion that it is *ultra vires* of this parliament to pass. The cease and desist order which my hon. friend has in mind is, as I understand it, a prominent feature of the United States method of dealing with combines and monopolies. But the method which is used in that country is conceived on quite a different basis from the basis of our act. Apart altogether from any question as to whether it is within the power of this parliament to enact—and speaking offhand as I must—it would seem to me that our act would have to be examined in an over-all way in order to accommodate the act as a whole for the insertion into it of this remedy; because a remedy such as this that is granted by any statute does not stand out naked and stark by itself; it is usually associated with a number of other sections which give it support and meaning. On that ground, I think it would be highly inadvisable for this committee to pass this present amendment, on grounds of substance.

But apart from that, when my hon. friend says that this was in the original act, I am wondering if he has not in mind the Board of Commerce Act, 1919, and that this section he is here advocating was a section of that Board of Commerce Act, which, it is true, was enacted as a supplement to our Combines Investigation Act; but it was a supplement with a most unhappy history. The Board of Commerce Act, having been passed by this parliament, was taken to the privy council and was there declared *ultra vires*. One must bear in mind the fact that our own Combines Investigation Act, upon being taken to the privy council, was debated at great length by competent lawyers; one of them told me that so far as he could judge two of the five judges of the privy council who heard the case seemed in favour of one side, and two seemed in favour of another, while the fifth did not commit himself at all. After a long period of reservation of judgment, the judgment came down upholding the validity of the Combines Investigation Act.

If we were to introduce into this bill any provision such as the one my hon. friend has moved and which is, at the very least, much similar to that of the Board of Commerce Act, I apprehend that it would not only be *ultra vires* of this parliament to deal with the section that my hon. friend has moved, but that if we were to attach it to the Combines Investigation Act, we would run grave danger of having the whole Combines Investigation Act declared *ultra vires*. For these reasons I think the committee should not entertain the motion.

Mr. Coldwell: May I say this to the minister. I believe this is an exceedingly important provision and that, if it were used, it would have a salutary effect on the matter of combines and understandings of that description. I should like to see something of this sort written into the act. I am aware of what the minister has just said. My thought was this. In connection with this

particular type of legislation, it may be quite within the powers of this parliament to adopt such a provision in our act but it might have to be decided further in the courts.

It is useless to press the motion when the minister takes the attitude that he has just taken. It has been intimated that perhaps this act will be given some further consideration in the not far distant future. What I suggest to the minister is that I would be glad to withdraw the amendment if I had his assurance that in any future consideration of the Combines Investigation Act something of this sort might be considered. Under these circumstances I would refrain from pressing the amendment.

Mr. Garson: I have not the slightest hesitation in giving my hon. friend that assurance, because if we have a re-examination of the act we shall be disposed to consider not only this suggestion but any other good suggestions that come from any place.

Mr. Coldwell: Then have I permission of the committee to withdraw the amendment?

Some hon. Members: Agreed.

Amendment withdrawn.

Mr. Diefenbaker: Will the minister permit a question arising out of the last answer he gave?

Mr. Garson: Yes.

Mr. Diefenbaker: I read from "Buchanan's Bulletin", edited by Mr. J. F. Flaherty. It deals generally with the situation and says that next year the government intends to introduce further amendments to curb the commissioner's powers to initiate inquiries and to do away with publication of findings of the commissioner which condemn accused firms before they have been tried in open court with opportunity to rebut, and to provide for the official approval of certain price agreements between competing businesses which do not appear to operate against public interest. In the course of his long explanation the minister said that there were some ten drafts of suggested amendments that had come before him since January last when he became minister. I ask the minister whether or not this report is correct. Two financial papers have suggested that it is the intention to make these changes next session.

Mr. Garson: Mr. Chairman, I rather resent being placed under the necessity of contradicting every unauthorized report that some reporter or journalist sees fit to put in public print. But in order to allay any doubt upon the matter I do not think I can do anything better than repeat what I said at another stage of this bill, namely, that the present amendments before the house constitute the government's policy and its whole policy with regard to the amendments.

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

Some hon. Members: Carried.

Mr. Browne (St. John's West): I feel I have as much right as any hon. member to address the committee.

The Deputy Chairman: Order.

Mr. Browne (St. John's West): I am not going to be shouted down by anybody.

Mr. Fournier (Maisonneuve-Rosemont): We cheer you.

Mr. Browne (St. John's West): The Minister of Justice has just said that this bill represents the policy of the government. That is the first statement of government policy that we have had in this discussion.

Mr. Garson: My hon. friend is quite wrong. If he does not want to attend the committee or listen to the debates, and if he has any doubt about it, he can go back and read *Hansard* and find out.

Mr. Browne (St. John's West): Mr. Chairman, I feel that the minister must be thinking of someone else, because I have spent more time in this chamber than most hon. members, particularly those on his own side of the house.

An hon. Member: Reading a newspaper.

Mr. Fournier (Hull): On a point of order, on the title of the bill I do not think we should take a roll call of the attendance in the house.

Some hon. Members: Hear, hear.

Mr. Browne (St. John's West): Mr. Chairman, I feel that as a member representing Newfoundland I have as much right—

Mr. Fournier (Maisonneuve-Rosemont): On division.

Mr. Browne (St. John's West): —to speak here as any other hon. member. The minister of Public Works was cited today. He cited the citation himself and he went back on his own interpretation of the orders of this house.

Mr. Fournier (Hull): I rise on a point of privilege.

Mr. Browne (St. John's West): Mr. Chairman, —

Some hon. Members: Sit down.

Mr. Browne (St. John's West): I will not sit down for you.

Mr. Fournier (Hull): Mr. Chairman, I do not know whether the hon. member was in the house when the hon. member for Winnipeg North Centre and myself had the amicable debate. I did not withdraw anything that I had said on a former occasion. I repeated it, and agreed that a general debate is in order on the first section; but I would not agree to a general debate on the title. We have spent a long time carrying the different sections of the bill. Every operative section of the bill has been carried, and we are now on the title. I do not think we should renew the general debate on the title.

Mr. Coldwell: May I rise to a point of order? We are not on the title. We are between the last clause and the title.

Some hon. Members: Oh, oh.

Mr. Coldwell: According to the rules of the house, before the title is called or dealt with I have the right to move an amendment. I moved an amendment. I also have the right to ask the committee, in view of what the minister said, for leave to withdraw the amendment. I have not yet heard that I have leave to withdraw the amendment. I should like to get that settled because I want to move another amendment before the title is carried.

The Deputy Chairman: May I intervene? I distinctly understood the chairman to say: "Has the hon. member leave to withdraw his amendment?" I understood some hon. members to say: "Agreed".

Mr. Coldwell: I did not hear that.

The Deputy Chairman: Then the chairman went further and said: "Shall the title carry?" At this point the hon. member for St. John's West rose and the discussion we are now having took place on the title.

Mr. Coldwell: No.

The Deputy Chairman: It seems to me that it is my duty now to rule whether or not the point of order raised by the Minister of Public Works is a correct one. I do not think the discussion entered upon by the hon. member for St. John's West can be allowed on the title.

Mr. Browne (St. John's West): May I say a word on that?

Mr. Coldwell: May I pursue the point of order for the moment? I certainly did not hear the chairman ask the committee whether the amendment I moved might be withdrawn.

Some hon. Members: Yes.

Mr. Coldwell: I did not hear the word "agreed". When a question is put to the committee it should be put in a tone of voice that we can hear, and the ruling of the Chair should be so made that we can hear it; because, as I say, I was waiting to move another short amendment. I should like to know, Mr. Chairman, whether it is agreed that my amendment is withdrawn.

The Deputy Chairman: May I remind the hon. member for Rosetown-Biggar, it sometimes happens that hon. members do not hear exactly what goes on. A while ago, while the hon. member for Rosetown-Biggar was perfectly clear on procedure, the leader of the opposition thought that we were still on clause 2; whereas it had been carried. It just so happens that this time it is the leader of the C.C.F. party who thinks that we are still between the last clause and the title. In this instance the committee must take the word of the chairman. Other hon. members around me heard, as I did, the chairman who preceded me in the chair say this: "Has the hon. member leave to withdraw his amendment?" I heard some hon. members say, "Agreed", and then the chairman said: "Shall the title carry?" It was at that moment that the hon. member for St. John's West rose and that is where we are now.

Mr. Browne (St. John's West): May I rise again, since, having been interrupted, I have not said all that I intended to say. I should like to compliment the Minister of Justice upon his patience up to this point, but he seemed to lose it a moment ago when I rose to speak.

Some hon. Members: No.

Mr. Browne (St. John's West): That seemed to be the case when I made the observation that it was the first time I had heard mention of government policy in regard to this matter. It was certainiy the first time I heard him use the expression.

Some hon. Members: Order.

Mr. Browne (St. John's West): How many chairmen have we?

The Deputy Chairman: I think some latitude has been allowed to other hon. members and I understand that the hon. member for St. John's West will be brief.

Mr. Browne (St. John's West): I was going to ask the minister whether he was aware that Mr. McGregor had said that this act should grant power to a court to grant an injunction. That would be in line with the amendment proposed by the hon. member for Rosetown-Biggar. I do not remember where I read that, but I think it was in the proceedings of the House of Commons committee on prices.

Title agreed to.

The Deputy Chairman: Shall I report the bill?

Some hon. Members: Yes.

Mr. Coldwell: Mr. Chairman, I rise on a question of privilege. I listened intently to what was happening in the chamber because I had another short amendment that I intended to move. If the acoustics of this chamber are such that the chairman was able to hear a few hon. members say "Agreed" when I could not hear it, then I do not think an hon. member should be prevented from exercising his rights. If that is so, it is a most unfortunate thing. It will simply mean that I shall have to move my amendment on the third reading which will mean prolonging the debate. It would have saved a good deal of time if the question could have been decided now. I repeat that I listened intently and was ready to stand at the proper moment, and I certainly did not hear anything. I certainly do not think we should give third reading today to this bill.

Mr. Fournier (Hull): I readily understand the situation in which the hon. gentleman finds himself. Apparently he had an amendment which had been prepared in advance and which he intended to move after his first amendment. I believe the committee would give unanimous consent to allowing him to move that amendment.

The Deputy Chairman: Has the hon. member for Rosetown-Biggar the unanimous consent of the committee to move an amendment at this time?

Some hon. Members: Agreed.

Mr. Coldwell: Mr. Chairman, I shall be brief because I realize we have had an extended debate on this bill and I wish to thank the house for its courtesy. I should like to move:

That the bill be amended by adding thereto a new section 4, as follows:

"4. Subsection one of section two of the said act is amended by inserting after the word 'commodity' in line two thereof, the words 'or to any service,' and by adding at the end of paragraph (c) thereof the words 'a common or fixed charge for a service or'."

I think there is a weakness in this act because there are certain services of which we have knowledge which cannot be dealt with at the present time. For example, I have seen a radio broadcasting price list covering certain services to be rendered by private stations from one end of this country to the other and quoting exactly the same prices for exactly the same services. I have photographic copies of such lists which contain instructions that the prices listed are to be charged for certain services. If the radio committee had met at this session I intended to bring copies of the price lists issued by the Canadian Association of Broadcasters to the attention of that committee. These are comprehensive lists of charges which the members of the association must observe. That is a combination in restraint of competition in connection with radio broadcasting fees, yet nothing can be done about it under this act.

I should like to give just one more example. The hon. member for Kamloops has raised the question of crime comics. I do not know whether a news vendor's activities would be considered as a service, but I have been reliably informed that these news vendors enter into agreements with agencies to accept an assortment of publications, such assortment containing such things as crime comics. The other day I spoke to a news vendor who is opposed to crime comics and asked her why she had them on her shelves. She told me that she could not help it because she had to take the assortment. Whether that can be regarded as a service or a commodity I am not sure and I do not propose to enter into a legal argument with the Minister of Justice or anybody else regarding that point.

There are other activities which fall into the category of services that are not covered by this act, but I do not intend to deal with them at the moment. I bring this matter to the attention of the minister now by moving this amendment.

Mr. Garson: Mr. Chairman, I do not think the present amendment is as objectionable as the first one moved by my hon. friend, but I think that is the only praise with which I can faintly damn it. The amendments introduced this year come from a combines investigation commissioner of many years' standing. If there had been any problem of the nature visualized by my hon. friend in his present amendment I think it is more than likely it would have been covered by the amendments suggested by the commissioner.

The difficulty with regard to crime comics I do not think can be solved by calling these books a service, any more than you could call flour a service. Whatever may be the fault in relation to crime comics, I do not think it will be cured by my hon. friend's amendment.

Mr. Coldwell: I gave that merely as an illustration.

Mr. Garson: The combines investigation commissioner looked into that aspect of crime comics to which my hon. friend has referred. The information we have received is that the newsstand proprietors are protesting a great deal too much. If they really made up their minds not to take these selections, they would not have to, but in

many cases they are happy to take them because the most objectionable ones move the fastest.

One of the difficulties that would be encountered in accepting this amendment is that it would increase greatly the work of the combines investigation branch by saddling it with minor matters. That branch has not too large a staff because in addition to the budgetary aspect there is the fact that it is rather difficult to get properly trained personnel and such a staff might be spending its time better on more serious matters. One thing occurs to me at the moment.

If my hon. friend's amendment should pass, I wonder where the barbers' union would stand if they reached an agreement to increase the price of a shave or a haircut? That would be an agreement to fix prices. The amendment would also include professional services of doctors and lawyers; and, as I understand, every professional body has its tariff. Is that a combine in restraint of trade? Is that what my hon. friend is aiming at? Taking all these grounds on which I base my plea for the rejection of the hon. member's amendment, there is no higher ground than this, that I do not think we should accept it with the reasons he has given in support of it at this time. As in the case of his other amendment, we shall be very glad to consider it on any occasion when we are looking at the act.

Mr. Smith (Calgary West): I should like to say a word about the amendment in line with what the Minister of Justice has just said. I was out of the house and just came in in time to hear the amendment moved. I should like to ask whether or not the hon. member for Rosetown-Biggar has considered the whole question of unions under his amendment. I may be wrong—and the minister can correct me if I am—but, as I remember, unions at one time were regarded as conspiracies the same as any other meeting of minds of business people in an arrangement to do certain things. My memory is that unions were specifically exempted from the provisions of section 498 of the Criminal Code. I wonder if the hon. member for Rosetown-Biggar has thought of that, because I am quite sure none of us would want to have this amendment apply to unions so that they might be found guilty of an offence.

Mr. Coldwell: I think the Combines Investigation Act itself excludes unions.

Mr. Smith (Calgary West): Under section 498 of the Criminal Code they were excluded before the Combines Investigation Act was ever passed. I am not raising this point critically.

Mr. Coldwell: I did consider it, and I came to the conclusion they were relieved of any responsibility under the legislation now on the statute books. What I am getting at, of course, is certain forms of services. For example, radio broadcasting is a service which is nation-wide and is big business. It is that kind of thing I want to try to get at.

Mr. Garson: I sympathize with my hon. friend's view, but a provision of this sort is not like a rifle that aims at the specific thing my hon. friend has in mind. It is more like a shotgun discharge, and my hon. friend may hit many people he did not intend to hit because it is of general application. Although he may aim it at the radio broadcasting people, to whom he has referred, when it is applied generally it may affect many people he least of all wants to affect adversely.

Mr. Coldwell: The Combines Investigation Act may do that now in any event in other fields. There are a large number of business organizations that one might accuse of being combinations, but the combines investigation commissioner and perhaps the minister himself do not consider there is sufficient evidence to warrant an investigation or the bringing of charges. I think the same kind of liberal —if I may use that word—interpretation would apply, but with a small "l" of course.

Mr. Smith (Calgary West): I really think you should look into that. I am inclined to believe you are wrong. Exemption for unions was provided under section 498 of the Criminal Code, and I do not think there is anything in the Combines Investigation Act.

Mr. Browne (St. John's West): Yes, section 4.

Amendment withdrawn.

Title agreed to.

The Deputy Chairman: Shall I report the bill?

Mr. McIvor: I should like to say a word. We have had a great debate. There has been a good deal said and a lot thought. There has been plenty of listening, but if ever a man has proved himself to be a true son of the west, it is the Minister of Justice, we pay our tribute to his honesty.

Bill reported.

Mr. Deputy Speaker: Mr. Garson moves, seconded by Mr. Gibson (Hamilton West), that the said bill be now read a third time. Is it the pleasure of the house to adopt the motion?

Mr. Drew: Just a moment. It was not explained that the bill was going to be read a third time today.

Mr. Fournier (Hull): Oh, yes. I told the house exactly that last night. I said:

Tomorrow at eleven o'clock we will continue the discussion of Bill No. 144, to amend the Combines Investigation Act. We hope to conclude that in the early hours, and then take up the following bills...

Mr. Drew: That did not mean we were going on with third reading.

Mr. Fournier (Hull): That would be the first stage today. We had first reading on one day, and second reading on another day. We have had many days in committee. This will be the only reading of this bill we have had today.

Motion agreed to.

Mr. Deputy Speaker: Mr. Garson moves that the said bill be now passed and that the title be as on the order paper. Is it the pleasure of the house to adopt the motion?

Mr. Drew: On division.

Motion agreed to on division.

TEMISCOUATA RAILWAY

PROVISION FOR PURCHASE BY GOVERNMENT OF CANADA

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 145, respecting the acquisition of the Temiscouata railway.

Mr. Howard C. Green (Vancouver-Quadra): Is the minister not speaking on the bill?

Mr. Chevrier: I feel at this stage I should not be expected to make another general statement. When we were dealing with the resolution I outlined the position of the Temiscouata railway. I shall have some information to impart to the house when we go into committee of the whole, and I was hoping that we could do that as quickly as possible.

Mr. Green: Mr. Speaker, when the resolution preceding the bill was under discussion, it was understood that after second reading the bill would be referred to the standing committee on railways, canals and telegraph lines.

Mr. Chevrier: I think I gave that undertaking. When we go into committee of the whole I propose to move that it be referred to the standing committee on railways, canals and telegraph lines.

Mr. Green: Of course that would do away with the necessity for a lengthy discussion at this stage. I hope the minister will arrange to have some official of the Temiscouata Railway Company called before the standing committee, and also some officer or officers of the Canadian National Railways. In his statement on the resolution stage the minister intimated that Canadian National Railways would be making quite substantial capital expenditures. I think it would be beneficial to have officials of that company called before the standing committee.

I also suggest that the position of the Canadian National Railways in connection with this railway should be made clear and kept clear. It is perfectly obvious that they are being placed in an unfair position. The minister explained that Canadian National Railways had been requested to take over the Temiscouata railway and had declined to do so, but eventually had been instructed by the government to take over that line. As I said a moment ago, it is obvious that they are going to have to make substantial capital expenditures, and that there will be a large increase in the wage bill. I think the minister gave the increase in wages as $140,000, which would amount to an increase of 54 per cent over the wages being paid at the present time. By that increase alone any small profit made by the company would be completely wiped out, and as a matter of fact in 1948 there was a small deficit.

So it is perfectly clear that this railway is going to be a losing proposition for the Canadian National. There may be justification for having the line taken over, but it could only be on the basis of a public service to the people of the district. If that service is to be rendered by the Canadian National that company should not be expected to show any profit as a result of the transaction. During the previous discussion we suggested to the minister that it might be possible to keep the accounts of railways such as this, which the Canadian National is forced to take over, separate from other accounts. I would hope that some such method could be adopted, because obviously it is unfair to expect the Canadian National Railways to show that they are carrying on a businesslike operation when they are forced to take over a railway which is losing money, as the Temiscouata railway is bound to do.

Mr. Jean François Pouliot (Temiscouata): Mr. Speaker, I was surprised at the remarks just made by the hon. member for Vancouver-Quadra (Mr. Green). I admit that this railway is outside British Columbia, but it serves a great purpose and is a national asset. My hon. friend has enough experience and is enough of a businessman to realize that a railway which has survived for sixty years deserves special consideration. It helps the people of my county, and everyone is asking that this action be taken. The company has made great sacrifices to maintain the service for the benefit of the people, but since the

shares were subscribed but not paid for in the first instance the company has run into debt because of the interest that had to be paid on loans. But it has done splendidly, and I must congratulate the management and personnel of the company who have done very well.

The other day the hon. member for Victoria-Carleton (Mr. Hatfield) said he was in favour of the proposal. He has a great advantage over the hon. member for Vancouver-Quadra, because he is familiar with the situation. Here we have on the one hand an hon. member who lives just across the river and who knows the railway line as well as he knows his own desk in this house, while on the other hand we have an hon. gentleman who lives thousands of miles away, who has never seen the railway or the country. He takes his magnifying glass and finds some objection to the purchase of that line. Where is Canadian unity in that? When did my hon. friend hear me speak against any proposed expenditures in the province of British Columbia? I have never complained about the millions of dollars that have been spent in his province. I considered British Columbia part of Canada, and that we should be prepared to help it.

Here we have a public service being given the electors of Temiscouata and Madawaska counties, and the hon. gentleman pulls out his magnifying glass and his telescope and says, "Well, we must be very careful about it; it may interfere with the Canadian National Railways." It will interfere very much with the people of Temiscouata and Madawaska if the Canadian National is interfered with in its intention to take over the railway.

That is that. I regret what my hon. friend has said.

Mr. Green: I am not opposing the bill.

Mr. Pouliot: Then my hon. friend should let it pass now.

Mr. Drew: The hon. member for Temiscouata (Mr. Pouliot) seems unaware of the fact that the minister has said he will move to have this bill referred to committee.

Mr. Pouliot: I do not wish to make a great point of this, but I know the whole problem, and I do not boast in making that statement. I have heard about it for a long time; and if my hon. friend would do Temiscouata county the honour of visiting it—

Mr. Green: Could I have a ride on the railway?

Mr. Pouliot: —he would very much regret having delayed the adoption of this legislation.

Mr. Green: I took five minutes.

Mr. Pouliot: The time seemed so long to me. I can tell my hon. friend I am sorry he was not at Riviere du Loup on Sunday, May 22 last.

Mr. Green: Was there an election meeting then?

Mr. Pouliot: No, it was not an election meeting; it was a tribute to the Prime Minister (Mr. St. Laurent). The crowd gathered in front of the church; the Prime Minister was there, and he made a very fine speech.

Mr. Green: Now I know it was an election meeting.

Mr. Pouliot: No, it was a family gathering. The Prime Minister was applauded, and was about to conclude; then I took the liberty of saying, "Well, sir, what about the Temiscouata railway?"

Mr. Fraser: Then this was all cooked up ahead of time?

Mr. Pouliot: I shall repeat the words of the Prime Minister, because I wish to thank him personally; the other day, when he was not in the house, I conveyed my thanks through *Hansard*. I report the incident faithfully. When I asked what about the railway he replied, "Oh, yes". Then he mentioned my name and mentioned that I was like St. Thomas, that I could not believe without seeing, but that my constituents could be sure of him and could believe without seeing, which is much better. There were loud cheers and the the people were very happy, because he announced that the government would do precisely what is being done now.

If it were not a matter of public interest I would not insist upon it. I know the hardships and difficulties that have been experienced by the management in attempting to run the railway. These difficulties were caused by the lack of money to put the railroad in good condition so that it could become prosperous. One cannot judge the importance of the railway by the amount of last year's revenue. Some important improvements are necessary, and I am sure the Canadian National will make a good job of running the Temiscouata railway. Probably before the end of the year it will again be a paying proposition. In the meantime, it will serve the interests of the Canadian National as well as the population of the counties of Madawaska and Temiscouata.

There is another essential consideration, and that is that the Temiscouata railway is the most easterly link between the transcontinental line and the Intercolonial railway, both operated by the Canadian National. It will help the transcontinental section as well

as the Intercolonial to have the Temiscouata serving as the hyphen between them. I am sorry that I have not a large map of the counties of Madawaska and Temiscouata to hang under the clock to show the line to the members of the house. Although this railway line is not located in the province of British Columbia, I expect I can rely on the support of my hon. friend from that province. Immediately following this, there is a bill for a railway in British Columbia, and in order to avoid obstruction I suggest that we pair them.

The government is doing quite well for British Columbia, as it is for Temiscouata. I again convey my thanks to the Prime Minister, the Minister of Transport and the officials of the Canadian National Railways. I wish to express my gratitude to the management of the Temiscouata railway and to Mr. Charles Stewart, the father of Bill Stewart of the Canadian Press, a man who has done so much for the railway. I wish to extend my thanks also to Mr. Tom Walsh, Mr. L. N. Ouellet and many others who have sacrificed so much in accepting a rate of pay which was about one-half the regular rate for railway employees who belong to the unions.

It is important also to remember that the Canadian National Railways' management has studied the case. Mr. Fairweather is familiar with it, and the officials have recommended the purchase of the Temiscouata railway by the Canadian National. This would have been accomplished during the days of Sir Henry Thornton if the Temiscouata had not been under the control of the Quebec Central Railway, which was owned by the C. P. R. at that time. The Temiscouata railway was never owned by the C. P. R., but at one time the directors of the Temiscouata were gentlemen who were also directors of the Quebec Central, a subsidiary of the C. P. R. This was the only reason for not amalgamating the Temiscouata railway with the Canadian National at the time the Gaspe railway and other railways in the province of Quebec were taken over, and that was about twenty years ago.

There were many difficulties in the way of improving the service. When Mr. Michaud was the member for Madawaska he knew the situation well, and these directors were replaced by men who lived at Edmundston and Riviere du Loup and who represent the bondholders living in London. These bonds are being purchased by the Canadian National. I would remind my colleagues of one other thing, and that is that the Canadian National Railways will receive value for every dollar spent in purchasing the Temiscouata railway. The equipment taken over is as follows: Five locomotives to handle freight and two locomotives for passenger service; ten coaches; eighty freight cars; eleven miscellaneous units. In 1946 the railway handled 6,814 carloads of freight and 5,551 carloads of lumber or its by-products. In normal years upwards of 50,000 passengers were carried on the railway.

I repeat that it is far from being a losing proposition. If we look into the future we can see that it is bright because the necessary repairs and improvements will be made. They will not be so costly, after all. The member for Vancouver-Quadra (Mr. Green) said one thing of which I took note, and that is that it is a public service to the people of the district. That is right. It is precisely for that reason that the Canadian National Railways have been so happy to agree to the suggestion made by the residents of the district, that the Temiscouata railway should be turned over to the Canadian National. The people of the district are grateful to the Prime Minister, the Minister of Transport and the government; they will be grateful to all hon. gentlemen who will support the measure and see that it is no longer delayed in passing all its stages.

(*Translation*):

Mr. P. L. Dubé (Restigouche-Madawaska): Mr. Speaker, I am pleased at this time to commend the government's decision to provide for the purchase of the Temiscouata Railway, which runs through my constituency. Mr. Speaker, I also feel it a duty at this time to congratulate the government for taking over, under C.N.R. control, this railway line which serves a large number of people from Riviere du Loup to Edmundston.

Mr. Speaker, I must also congratulate my colleague, the hon. member for Temiscouata (Mr. Pouliot) for his efforts in convincing the government of the importance of bringing the Temiscouata Railway under the control of the Canadian National Railways.

(*Text*):

Mr. Deputy Speaker: I must warn the members that if the minister speaks he will close the debate.

Hon. Lionel Chevrier (Minister of Transport): When this bill was last before the house, I undertook to give the house some information and I think perhaps it might be well to give it before the bill is referred to the committee. I was asked by the hon. member for Royal (Mr. Brooks) what rolling stock was being taken over. Here is the list. There are 7 locomotives, 5 freight and 2 passenger; 2 motor unit passenger coaches; 4 first-class coaches; 1 combination coach; 2 motor car trailers; 3 baggage, express and postal cars; 33 box cars; 26 flat cars, and 27 other cars in

freight service, making a total of 105, plus 18 work equipment units, which is a grand total of 123.

Then I think the hon. member for Vancouver-Quadra (Mr. Green) wanted to know what amount of money the Canadian National Railways would expend. I am informed that they have in mind an immediate program of rehabilitating the railway which will have to be undertaken at an estimated cost of $1,144,000. This expenditure would be spread over a period of three years.

As I stated earlier, it is my intention to move that the bill be sent to the standing committee on railways, canals and telegraph lines. I think there could be made available on behalf of the Canadian National Railways two of its officers who are quite familiar with the affairs of the Temiscouata railway; I refer to Mr. Fairweather and Mr. Rosevear. As to the general manager of the Temiscouata railway, I understand he has been seriously ill. I will see what can be done to have him called as a witness. If the house will agree, I should like to move that the bill be now referred to the committee on railways, canals and telegraph lines.

Motion agreed to, bill read the second time and referred to the standing committee on railways, canals and telegraph lines.

PACIFIC GREAT EASTERN RAILWAY

PROVISION FOR SUBSIDY TO BRITISH COLUMBIA FOR CONSTRUCTION OF LINE FROM QUESNEL TO PRINCE GEORGE

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 146, to authorize the granting of a subsidy to the government of the province of British Columbia in aid of the construction of an extension to the Pacific Great Eastern Railway.

Mr. Fraser: Is the minister going to make a statement?

Mr. Chevrier: I have no further statement to make. In the resolution stage, I imparted to the house all the information which was available to me. The bill is a simple one. There is a precedent, not recent but many years ago, and in granting a subsidy to the P.G.E. the bill takes the form of other acts by which subsidies have been granted.

Mr. Fraser: Will the minister have this bill referred to the committee on railways, canals and telegraph lines?

Mr. Chevrier: I did not think this bill should go to the committee. It is a simple bill. From the reception that it had in the house when it came up during discussion of the resolution, I thought that would not be necessary. I am, however, in the hands of the house. In view of the form which it takes—it has only one or two short clauses—I would think that it would be possible now, if there is no debate while the Speaker is in the chair, for us to go into committee and to dispose of it.

Mr. Pouliot: Although this bill is not for the province of Quebec, I support it wholeheartedly.

Mr. Angus MacInnis (Vancouver East): I did not intend to speak on the second reading of the bill, Mr. Speaker, because I said a few words when it was in the resolution stage. But I notice that one of the Vancouver papers, in reporting the debate in the house, stated that this subsidy was favoured by all the members from British Columbia with the exception of myself. I want to point out that that is not correct. I did not oppose this subsidy at all. Indeed, I pointed out that the extension of the Pacific Great Eastern Railway from Quesnel to Prince George, the section that this subsidy is to help in building, was approved by all political parties in British Columbia.

I did, however, draw attention to the implications of federal government support. I am convinced that at some time or another we shall have to do with this railway what has been done with the railway in Temiscouata; although I do object to the hon. member for Temiscouata (Mr. Pouliot) putting the province of British Columbia on the same basis as Temiscouata. It is like putting the province of Quebec on the same basis as Sardis or some other little place in British Columbia. Since the matter was debated here last, however, I obtained from the office of the finance minister of British Columbia some information on the financial condition of the Pacific Great Eastern. A great deal of money has been put into it since 1916 when it was started. Its obligations accruing from loans for building and accrued interest since that time amount to over $115 million. Despite the increased revenue that may accrue to the road because of the extension, I am inclined to believe that deficits will continue to increase. As a matter of fact, I saw a communication in one of the British Columbia papers the other day that supported that view. I merely want to put myself on record here as not being opposed to this subsidy. I do not believe I did anything more than the hon. member for Coast-Capilano (Mr. Sinclair) did when he spoke on the measure and pointed out the same implications.

Mr. J. M. Macdonnell (Greenwood): If I may, I should like to ask one question before the motion is carried. Unfortunately, for reasons over which I have no control, I was prevented from hearing the discussion on the

resolution stage of this bill. Who is responsible for this? Is the province of British Columbia responsible for the construction of the road? When this subsidy has been given, is that the extent of the responsibility of the federal government?

Mr. Chevrier: If the hon. member has no objection to our getting into committee, perhaps I could answer questions then.

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

On section 1—*Short title.*

Mr. Chevrier: May I answer the question asked by the hon. member for Greenwood? The answer is that the government of the province of British Columbia will construct the extension from Quesnel to Prince George. There is no commitment beyond the subsidy for that extension, which is of eighty-two and seven-tenths miles.

Mr. Green: Some two weeks ago in the Vancouver *Sun*, under date of November 12, there appeared a dispatch to the effect that the P.G.E. would join a new C.N.R. rail hub in North Vancouver, and that there would be a big ocean terminal constructed in North Vancouver. The article begins in this way:

> Construction of a half-mile block of deep-sea piers in North Vancouver as part of a large-scale Canadian National Railways terminal development is under discussion in Ottawa. Plans would also involve extension of the Pacific Great Eastern Railway by the federal government to North Vancouver from Squamish via the Capilano canyon.

Can the minister tell the committee whether any such discussions are taking place, or whether it is the intention of the government either to extend the Pacific Great Eastern Railway to North Vancouver or to assist in such extension?

Mr. Sinclair: Before the minister answers the question I should like to make a comment or two. This, to my mind, is a most extraordinary story by the Vancouver *Sun*. Some two weeks before that story was published we had a debate in the house, and the able correspondent of the Vancouver *Sun* accurately reported the debate. Then a week later *Hansard* found its way to the office of the Vancouver *Sun*. Their front page story mentioned by the hon. member for Vancouver-Quadra was built entirely on the actual *Hansard*. They quoted the story from *Hansard* but they completely changed three important words in my speech. I said, "I intend to advocate this course of the Canadian National Railways taking over first of all the Vancouver Harbour Railway and second taking over the Pacific Great Eastern." Despite the fact that whoever wrote the second story in the Vancouver *Sun* was obviously taking it direct from *Hansard* they changed my words, "I am advocating" into three words, "We are planning"; in other words giving the implication that the government was actually planning this course. I think the hon. member will agree the story was founded almost entirely on the observations I made. I was not in a position whatsoever to commit the government to any such action. But I will repeat now that it is the hope of the people along the Pacific Great Eastern in my riding from Squamish to Prince George that eventually this railway will be part of the Canadian National system. It is our hope in North Vancouver—and I am glad to have the support of the hon. member for Vancouver-Quadra—that eventually the Canadian National Railways will take over the Vancouver Harbour Railway and so give the Canadian National Railways local trackage on the north shore of Vancouver harbour.

Mr. Chevrier: I do not want to enter into a discussion on this, but I think I should answer my hon. friend and say that there is no commitment on behalf of the government, in any discussions in this respect, that are not contained in the bill. The discussions and the commitments were for a subsidy of $15,000 per mile.

Mr. Green: Has there been any discussion concerning subsidy for the extension of the line north to Prince George?

Mr. Chevrier: I think I told my hon. friend when he asked that question earlier that there was not.

Section agreed to.

Sections 2 and 3 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

OVERSEAS TELECOMMUNICATION ACT

CORPORATION TO TAKE OVER PROPERTY AND EQUIPMENT OF MARCONI AND CABLE AND WIRELESS LIMITED

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee on Bill No. 12, respecting the Canadian Overseas Telecommunication Corporation.

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

Section 1 agreed to.

On section 2—*Definitions.*

Mr. Green: Mr. Chairman, this bill was recommended by the standing committee on railways, canals and telegraph lines?

Mr. Chevrier: Yes. Perhaps I should have indicated to the house that this bill was referred to the committee on railways, canals and telegraph lines. After careful study by the members of the committee it was recommended to the house without amendment.

Section agreed to.

Section 3 agreed to.

On section 4—*Appointment of President and General Manager and Vice-President.*

Mr. Green: Is the minister in a position to say who will be the president of this crown company?

Mr. Chevrier: Not at this stage. The bill has some distance to go yet before it passes the two houses and until it has received royal assent I am not in a position to say. In fact, I have not given a great deal of thought to it, but I know there are two or three excellent men in the telecommunications field whom we have in mind for that position.

Mr. Green: When is it expected that the new corporation will be functioning?

Mr. Chevrier: I am informed April 1.

Section agreed to.

Sections 5 to 7 inclusive agreed to.

On section 8—*Powers.*

Mr. Macdonnell (Greenwood): Can the minister indicate to us the extent of the equipment of communications that will be in the hands of the new corporation?

Mr. Chevrier: I am sorry; I did not hear the last part of the question.

Mr. Macdonnell (Greenwood): Can the minister indicate in most general terms just what in the way of equipment the corporation will have when it has taken over the property of the companies mentioned in clause 8?

Mr. Chevrier: Yes. I gave that on the resolution, and it was given in detail in the committee. I have it here. It is quite a lengthy list.

Mr. Macdonnell (Greenwood): If it has been given that is satisfactory.

Mr. Higgins: I wonder if we could revert to clause 7. It was carried so quickly that I did not have time to ask my question.

What is the meaning of that particular reference to Newfoundland?

Mr. Chevrier: The hon. gentleman mentioned section 7. I do not see any reference to Newfoundland in that section.

Mr. Higgins: I am sorry; it is section 6, subparagraph (b). Telecommunication between Newfoundland and other parts of Canada is mentioned. What is the meaning of that?

Mr. Chevrier: It is in order to take over the telecommunication service between Newfoundland and Canada. Those that exist between Newfoundland and the United Kingdom are not covered in this bill; but there are telecommunications which operate between Newfoundland and Canada.

Mr. Higgins: I am not quite clear on this. Does the minister mean that there are other private companies?

Mr. Chevrier: This information was given by officers of the department in the committee. Perhaps I can repeat it for my hon. friend. When the bill was drafted Newfoundland was not a province. Now it is a province. But the bill has not been amended, because the equipment used for the western end of this circuit, that is from Newfoundland to Canada, is integrated with that used in the external radio communication circuits at Drummondville and Yamaska, covered by the bill.

Mr. Higgins: My recollection is that the last time I asked the question when the bill was introduced the minister told me at that time he was merely taking over the assets of the company. I believe the Marconi Company operate a service apart from the actual building and selling of radio sets. Is it intended that those other activities are to be taken over?

Mr. Chevrier: The only facilities being taken over are those that I mentioned specifically during the discussion on the resolution. In so far as other services are concerned, a firm decision has not been made and this will be left to the directors of the new corporation.

Mr. Higgins: You are not planning to take over the Marconi Company entirely?

Mr. Chevrier: I would not say we are not; I am saying that the decision has not been made.

Mr. Pearkes: I understand that you are not taking over the cable itself. The transpacific cable comes into Bamfield on the west coast of Vancouver island, and then there is another stretch of cable from the east coast of Vancouver island to the mainland of British Columbia. Whose responsibility would that be?

Mr. Chevrier: We are taking over all the external telecommunications facilities except the cable heads that are within our country.

Anything beyond that, any cable extending from the west coast to Australia, Australasia or elsewhere, would not be touched by this bill. The responsibility for that would remain as it now is, under the United Kingdom government, post office division.

Mr. Pearkes: What about the stretch between Vancouver island and the mainland of British Columbia?

Mr. Chevrier: That will remain with the United Kingdom government.

Mr. Green: That is wholly within the province of British Columbia but it would remain the property of Cable and Wireless Limited?

Mr. Chevrier: We are not taking over any cables. As my hon. friend says, it would remain the property of the United Kingdom government.

Mr. Macdonnell (Greenwood): Does the minister think it is necessary to restrict this corporation which will be of a considerable size as provided by paragraph (c) of subsection 2 of section 8, which reads:

(c) acquire any real or personal property, the cost of acquisition of which exceeds the sum of fifty thousand dollars—

I am not questioning that, it is the following provision that I question:

—or in any manner dispose of any such property having an original or book value exceeding the sum of five thousand dollars.

It seems to me that that is a narrowing down of the responsibilities of the officials of this corporation in a way that will prove to be a nuisance both to them and to the government.

Mr. Chevrier: The Department of Finance checked the bill carefully and felt that those limitations should be placed upon the powers of the directors. We raised no objection.

Mr. Macdonnell (Greenwood): Do you not think the Department of Finance is keeping too tight a rein over you?

Mr. Chevrier: Sometimes perhaps we think they do; certainly when it comes to expenditures of money they exercise control.

Mr. Macdonnell (Greenwood): This is not an expenditure.

Mr. Chevrier: In this case we raised no objection.

Mr. Higgins: When Cable and Wireless Limited is taken over will its schedule of rates be in competition with those of the other cable companies that are operating?

Mr. Chevrier: I would not say that the new corporation will be bringing in a set of rates different from those that exist at the moment. It is not the intention to upset the present position in so far as employees or conditions of employment are concerned, except to make them better if possible.

Mr. Higgins: I was thinking of the cable companies presently in operation, such as the Commercial Cable Company.

Mr. Chevrier: This bill has no provision for rates. The directors are bound by the agreement made with the United Kingdom. The telecommunications board will have jurisdiction over rates.

Mr. Green: Will Canada's representative on the telecommunications board be an officer of the crown corporation?

Mr. Chevrier: No.

Mr. Green: Would it not be better to have an officer of the corporation represent us on the board?

Mr. Chevrier: The board meets in London, England, and we have over there, in the person of Mr. Tudhope, an officer who is familiar with telecommunication matters. He has represented the government on a number of occasions and he now represents Canada on the board. We feel that we should not change that situation.

Mr. Green: I understand that cables taken in at offices of the Canadian National Railways cannot be sent over these commonwealth wires. Can the minister explain to the committee just why that situation exists? I understand it is to continue for ten or fifteen years.

Mr. Chevrier: I would not think it will continue that long. Canadian National Railways have an agreement with Western Union. I am informed that previously Canadian National Railways gave a pick-up service to Marconi, but there was in their agreement with Western Union a clause which prohibited them from renewing that arrangement. The Canadian National Telegraphs now are pick-up agents for Western Union while Canadian Pacific are pick-up agents for Canadian Marconi Company Limited. The agreement between Canadian National Telegraphs and Western Union is for some years.

Mr. Green: How many?

Mr. Chevrier: I have not that information available at the moment and I am informed that we cannot get it.

Mr. Green: I understand it is to run to some time in the 1960's.

Mr. Chevrier: I cannot say. It may be that Canadian National Railways can revise their agreement, but I am not in position to say. The point is that they are now agents for Western Union.

Mr. Green: Will that not mean that approximately one-half of the cable business from Canada will go via Western Union rather than via this commonwealth organization?

Mr. Chevrier: I suppose it would depend upon where the messages are filed. If anyone goes into a telegraph office and stipulates that the message is to go Marconi, that ends it; but if he makes no stipulation, it will go in accordance with the amount of traffic that the overseas telecommunications has. This is a rather technical matter and I am told that it would be difficult to give an accurate answer because you would really have to look at the picture for at least a month or perhaps more.

Mr. Higgins: During the sealing season in Newfoundland communications are carried on through Marconi and I was anxious to know whether this bill would interfere with those.

Mr. Chevrier: This has nothing to do with ship-to-shore communications.

Section agreed to.

Section 9 agreed to.

On section 10—*Power to acquire property of Canadian Marconi Company and Cable and Wireless Limited.*

Mr. McLure: The other day in the standing committee I asked a question about section 10 with reference to the Marconi company. The Marconi company will still be a company even after this corporation takes over a certain amount of their property. They are only taking over a certain part of the property, and the Marconi company are not going out of business? They will still exist?

Mr. Chevrier: They are going out of business in so far as telecommunications are concerned, but they are not going out of business in so far as their broadcasting stations are concerned or the manufacture of radios.

Section agreed to.

On section 11—*Duty to deliver up property.*

Mr. Macdonnell (Greenwood): What is the need to provide for a criminal offence under subsection 2 of section 11? Is there some precedent for that? It seems to me to be an extraordinary action to suddenly introduce a criminal offence into what is an ordinary business transaction.

Mr. Chevrier: The only answer I can give my hon. friend is that I am informed there are cases where, after expropriation proceedings have been taken, people have refused to give up property—

Mr. Macdonnell (Greenwood): Are there not other means?

Mr. Chevrier: —although it is clear that by negotiation or by judgment of a court the amount of compensation will be fixed.

Mr. Macdonnell (Greenwood): I am not familiar with the procedure, but surely there are other means of getting rid of a person, especially with the sanctions there would be under this bill. I must say I dislike it very much unless there is a good reason for it. Let me read the section, and I should like members of the house to listen to this. It deals with a person who, properly enough no doubt, is condemned to hand over his property. The section reads:

> 11(1) Where any property is taken or acquired under section 10, the person from whom the property is taken or acquired and every person in whose possession or custody or under whose control the property may be shall deliver up the property in accordance with the terms of the notice.

That is all right. Subsection 2 reads:

> (2) A person who violates this section is guilty of an offence and is liable on summary conviction to a fine not exceeding $500 or to imprisonment for a term not exceeding three months or to both fine and imprisonment.

Unless there are precedents of which I am ignorant, I submit that is a most extraordinary procedure. It seems to me to be most high-handed. I would hope very much that it would not be left in the bill.

Mr. Chevrier: I cannot add anything to the reason I gave a moment ago. I am now further informed that this clause has been put in by the Department of Justice.

Mr. Macdonnell (Greenwood): I am not sure that satisfies me. I should like to know if there is any precedent. I think we should be entitled to know before we create a criminal offence. I can quite imagine somebody finding he had committed a criminal offence without the slightest intention of doing so. It is not possible for me to believe there are not other perfectly effective means under our civil law. I do not know either the terms or the technique, but surely our civil law is not so ineffective that a person cannot be put off property which he has lost the right to hold. Surely the criminal law does not have to step into a situation of this kind.

Mr. MacInnis: From some little experience I have had with expropriation proceedings I think that is a fairly general clause. It sounds rather harsh, but I believe that is the general clause in expropriation proceedings.

Mr. Green: As I understand it, section 11 must be read with section 10. Section 10 gives the corporation power to acquire property from two companies, Canadian Marconi

Company and Cable and Wireless Limited. I may be wrong, but I do not think there is any power taken under section 10 to acquire property from any corporation or person other than the two corporations named therein.

Mr. Chevrier: That is right.

Mr. Green: That being the case, I do not see why section 11 is necessary at all, because if you read it you will see it reads this way:

Where any property is taken or acquired under section 10—

That means from one or other of the two companies named in section 10.

—the person from whom the property is taken or acquired—

Again that could only be either of those two corporations.

—and every person in whose possession or custody or under whose control the property may be shall deliver up the property in accordance with the terms of the notice.

If the property belongs to one or other of these corporations then it can be taken over from them, and there is no need to have any provision for fining a person. I suggest the whole of section 11 is unnecessary. Certainly it is not required to deal with either Canadian Marconi Company or Cable and Wireless Limited, and they are the only two owners whose properties are to be expropriated.

Mr. Chevrier: Mr. Chairman, I think that is the very reason why the section is put in there. If either of these corporations refuses to deliver up the assets against which expropriation proceedings have been filed, then there should be some clause in the act penalizing them for not so doing. I think there is more reason to have it in the act under section 10 than there would be under section 13.

Mr. Green: Why should not section 11 be worded to apply to these two corporations? They are the only ones from whom you are expropriating. Certainly there is no point in putting in a provision to send a corporation to jail for three months. Subsection 2 of section 11 has been drawn for some other purpose. It must be a general provision which applies in other cases, but it certainly does not apply in this case where you are dealing only with the property of two corporations.

Mr. Chevrier: I think it is clear from section 11 that it applies to section 10, and could not apply to anything else. In so far as imprisonment is concerned, I have no feeling about that, but I think the fine should remain. I would rather see the clause remain as it is, but if it is going to assist the committee I have no objection to removing the provision for imprisonment.

[Mr. Green.]

Mr. Green: Is it the intention to give power to lay a charge against some individual who has no connection with either of these companies?

Mr. Chevrier: Not under this section. I would think this section relates only to section 10, and therefore only to the officers, servants and employees of either of these two companies.

Mr. Green: Then it is perfectly clear that the provision for imprisonment should be deleted. If you leave in the provision for imprisonment, the next thing that will happen will be that some individual will be summoned to court and faced with the possibility of going to jail. If that is not the intention, the provision for imprisonment should be deleted.

Mr. Chevrier: I have no objection. While we are going on with the other sections, perhaps I can draft an appropriate amendment.

Section stands.

Sections 12 to 14 inclusive agreed to.

On section 15—*Loans to corporations.*

Mr. Macdonnell (Greenwood): I want to ask a question on section 15. Is there any relation to section 14? Section 14 reads:

14(1) At the request of the corporation and with the approval of the governor in council, the Minister of Finance may, from time to time, pay to the corporation out of the unappropriated moneys in the consolidated revenue fund amounts not exceeding in the aggregate four and one-half million dollars.

I should like to know whether there is any relation between that total and section 15, subsection 1. I take it section 15 is different because it merely concerns lending moneys. Is there any limitation on that?

Mr. Chevrier: There is a difference between the two. Section 14 provides for sufficient money to take over the external telecommunication assets of both companies, together with the items I have already mentioned.

Mr. Macdonnell (Greenwood): I see my question is really answered by subsection 2 of section 15.

Section agreed to.

Sections 16 to 19 inclusive agreed to.

On section 20—*Corporation may pay certain taxes.*

Mr. Green: This provision gives the corporation the power to pay municipal taxes. I wonder how it fits in with the policy announced the other day by the Minister of Finance. Under his plan there is a very

limited amount payable, and there will only be about one hundred municipalities which will get any benefit at all. I hope that plan will not be the one followed by this corporation. As I read the section in the bill, the corporation is given power to pay the ordinary municipal taxes, and I hope that is the intention. I ask the minister to clear up that point.

Mr. Chevrier: So far as I know that is the intention. I am sorry I have not got the statement of the Minister of Finance. It was quite a lengthy statement, in which the minister dealt with crown corporations, dividing them in two groups. First were those that were in active business, such as the Canadian National Railways and I think he mentioned the national harbours board. Then he mentioned those partly doing active business and partly rendering social service, like the C.B.C.; and he made a distinction between the two. As far as I know this is going to be an active corporation, and without having the speech of the Minister of Finance before me to see what it covers, I should think the corporation would pay full taxes.

Mr. Green: This corporation will be carrying on a business of its own. It is in fact a business concern.

Mr. Chevrier: I would think so.

Mr. Green: This provision in section 20 appears for the first time in any legislation concerning crown corporations, and I do hope the practice followed will be that set out in the section rather than that contained in any general plan announced by the Minister of Finance, because otherwise this section would be of very little value.

Mr. Chevrier: I do not agree with my hon. frend, because the plan announced by the Minister of Finance does not derogate from what is set out in section 20. If my hon. friend refers to the over-all plan, it does; but in the course of his statement the minister dealt with crown corporations, and speaking now from memory I think my hon. friend will find that he dealt with this situation, so I do not think there will be any discrepancy.

Mr. Green: If that is the case it is quite satisfactory. If the Canadian Overseas Telecommunication Corporation is to pay full municipal taxes, of course there can be no objection; and I hope that is the intention.

Mr. Chevrier: That certainly is the intention.

Section agreed to.

Sections 21 to 25 inclusive agreed to.

On section 11—*Duty to deliver up property.*

Mr. Chevrier: If I may revert to this section, I would ask my colleague the Minister of Public Works to move an amendment to subsection 2, by deleting all the words after the word "dollars" in line 42 of the section, to the end of the subclause.

Mr. Fournier (Hull): I so move.

Amendment agreed to.

Section as amended agreed to.

Title agreed to.

Bill reported, read the third time and passed.

HOUSE OF COMMONS

SUGGESTION THAT CERTAIN PAGE BOYS BE EXCUSED FROM ATTENDANCE THIS EVENING

Mr. J. T. Richard (Ottawa East): Mr. Speaker, before we proceed to the next business of the house I would direct your attention to the fact that the page boys have been working from ten o'clock in the morning until eleven o'clock at night this week, and that tomorrow again they will start work at ten o'clock. I understand that we could manage very well with a skeleton staff this evening, and I think it would be the wish of the house that the chief page be allowed to select those who must remain in order that the business of the house may be carried on, and permit the younger ones to go home.

Some hon. Members: Hear, hear.

PENSION FUND SOCIETIES ACT

AMENDMENT TO EXTEND PROVISIONS TO SUBSIDIARY CORPORATIONS

Hon. F. G. Bradley (Secretary of State) moved the second reading of Bill No. 174, to amend the Pension Fund Societies Act.

Mr. Green: Is the minister not going to explain this bill?

Mr. Bradley: It is a very simple bill. It proposes merely to extend the benefits of the Pension Fund Societies Act to the employees of companies subsidiary to existing or perhaps future companies created by act of parliament, whether by special act or under the Companies Act.

This act has been on the statute books of Canada for some sixty years, and presently appears in the Revised Statutes of 1927 as chapter 155. The act provides that two or more of the senior employees of a Canadian corporation may form themselves into a pension fund society by the methods therein set

forth, and the object of such a society is to create and administer a fund for the purpose of providing pensions for employees of the corporation who have become disabled through disability or age, and after their death to provide annuities for their widows and infant children and certain other relatives. The present act applies, but of course can only cover employees of the corporation itself. With the trend in modern business and the expansion of the ramifications of many of our corporations, in many cases covering a number of subsidiaries the control of the voting stock of which is held by what we might term the parent company, unfortunately under the existing law the employees of the subsidiary company cannot claim any benefits under the society that has been created by the parent company.

In order to enjoy the privileges which they may have under this Pension Fund Societies Act, it is necessary to pass an amendment to the act to bring them within the society that is already in existence under the authority of the parent company. I have in mind one company which has about six subsidiaries and, I understand, is desirous of taking advantage of this act for the benefit of its employees. If that company has to proceed under the existing law, it must create seven societies with seven boards of directors; seven annual meetings; seven sets of books and seven overhead expense accounts. The object of this section is merely to bring the employees of these subsidiaries within the provisions of the act for the purpose of giving them the benefits of the one society.

Mr. J. M. Macdonnell (Greenwood): I have not had an opportunity of reading this as carefully as I would have liked in conjunction with the original act. I noticed that the minister said this would apply to companies incorporated under a special act or under the Canadian Companies Act. Under the original act, which is chapter 155 of the Revised Statutes of 1927, perhaps I have not read it carefully enough, but I failed to find those words which the minister used. In other words, I do not find anything to indicate that they are the companies that are covered. Will the minister just direct me to that, because I think it is important to know it.

The second point upon which I wish to touch is that the addition to section 17 of chapter 155 which is provided for in the bill before us introduces certain rights and privileges to officers of the corporations affected. Again it may be that I have not read this chapter 155 carefully enough, but I do not find in it any similar provision in favour of the original beneficiaries under the act. In other words, the members of the parent company should have those privileges set out here for the officers of the subsidiaries—that is correct?

Mr. Bradley: Yes.

Mr. Macdonnell (Greenwood): What I want to be clear upon is this. Is there a similar provision in chapter 155 for those in the parent company, or are we introducing here a change in chapter 155 and merely making it apply to the subsidiaries? I confess to the minister that I have not read this act contained in chapter 155 as carefully as I should like, but I think the point should be answered.

Mr. Bradley: I have not the act at hand, but my understanding is that the parent company will set up a pension fund society for that corporation. There are some twelve or thirteen of them in existence now. Then, in cases where that company or corporation has subsidiary companies, the employees of the subsidiary will have exactly the same rights in the existing pension fund society as those employed directly by the parent company.

Mr. Macdonnell (Greenwood): That is exactly what I thought it meant.

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

On section 1—*Subsidiary corporations.*

Mr. Macdonnell (Greenwood): Now that I am in order, may I repeat the question, or rather ask the minister to take it as repeated?

Mr. Bradley: Exactly what was your question?

Mr. Macdonnell (Greenwood): The minister made a statement in general terms of exactly what I thought was the tenor of the bill, but in reading chapter 155 of the Revised Statutes of 1927 I do not find that is the tenor of it. Unless the minister can answer that definitely and not merely in general terms, then I suggest the section stand until both he and I have an opportunity of looking at it because, at the moment, I am not able to spell out exactly what the minister has said is the tenor of the bill.

Mr. Bradley: I have not the act at hand, and I am quite agreeable to allowing it to stand.

Progress reported.

SUPPLY

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

DEPARTMENT OF THE SECRETARY OF STATE

409. Patent division, $488,805.

Mr. Green: When the house adjourned, I believe the minister was about to answer a question or two that had been asked about this item.

Mr. Bradley: The backlog is 24,532.

Mr. Green: How does that compare with last year?

Mr. Bradley: It is down about 13 per cent.

Item agreed to.

Patent and copyright office—

412. Contribution to the international office for the protection of industrial property, international copyright union office and union for the protection of literary and artistic works, $4,000.

Mr. Green: Will the minister explain this item?

Mr. Bradley: This vote is for the payment of Canada's share of the expenses of the international office for the protection of industrial property, international copyright union office and union for the protection of literary and artistic works. The amount payable by Canada in class 2 is determined by article 23 of the convention.

Mr. Green: Is that under the control of the United Nations or is it a separate international organization?

Mr. Bradley: It is under the Berne convention.

Mr. Green: It has nothing to do with the United Nations?

Mr. Bradley: No.

Item agreed to.

General—

897. To provide for expenses in connection with the bibliographic centre (national library), $18,950.

Mr. Knight: I should like to ask for some detail as to the expenditure of this money. Perhaps the minister would comment on the progress of the plan for a national library, and what the situation is at this time.

Mr. Bradley: I think the objectives of this vote are fairly well set out by a statement the Prime Minister made in the house in reply to a question on Monday, November 14, and which, as reported at page 1711 of *Hansard*, is as follows:

> The royal commission on national development of the arts, letters and sciences has been asked to consider the "ultimate character and extent" of the national library, and no large-scale developments will take place until the report of the commission has been received. Meanwhile, however, much useful preliminary work can be done. The national library advisory committee, which the government appointed about a year ago, met in March last, and recommended that a bibliographic centre be established without delay. An appropriation of $18,950, included in the supplementary estimates submitted recently to the house, will enable a start to be made upon the organization of this centre within the next few months. The civil service commission will soon invite applications for the first four positions on the staff of the centre, and work on a national union catalogue should start immediately after the new year. To begin with, this catalogue will list the contents of the thirty-five or more libraries in Ottawa belonging to the various branches of the federal government. Later the contents of special collections elsewhere, such as the famous Canadiana collections in the Toronto public library and the Gagnon collection in the Bibliotheque Municipale in Montreal, will be included. The intention is that ultimately the union catalogue should list the contents of every important library in Canada.

Mr. Knight: Would I be right in supposing that this $18,000 would be additional salaries for those four people who are to proceed to do the preliminary work? Is that what I gather from that statement?

Mr. Bradley: It provides for the purchase of indexes, bibliographies and printed catalogues of other libraries, including the library of congress and the British museum, and also for the purchase of catalogue cards, portable microfilm camera copying unit and reader, and other stationery and office equipment. It also provides travelling expenses for members of the national library advisory committee and for members of the staff.

Mr. Knight: I should like to make a statement to the government through the Secretary of State. I think that we are deficient in the matter of education in this country as compared with a great many other countries. When we talk about inequality of opportunity in the matter of education, I think we should talk about inequality in regard to the position of reading matter in the various provinces throughout Canada. If one looks at the statistics, one will find that the libraries in some provinces are stocked very differently, in proportion to population, than they are in others. I am only speaking from memory but in the province of Ontario, for instance, I think there is one book in the public library for each person of the population. That is not at all true in some of the other provinces.

I would suggest that when we are thinking about a national library and national culture some federal aid in the way of libraries would be about as good a thing as this government could do. By that I mean grants to libraries in some of what are called "have-not" provinces, so that the reading opportunities of people, and particularly young people in those provinces, could be equated more nearly to those provinces which can afford a greater supply of books. The building up of large libraries is important, but so is the proper selection, co-operation and expert help which will be available to those outlying libraries from a national institution such as a national library which we envisage here at Ottawa. While I admit

that a research library in the capital of this country is a tremendously important thing, I am not prepared to grant that it is the most important work that a national library can do. I think the most important work a national library can do is to aid and to help libraries in those outlying parts so that the great bulk of our population, which after all is not settled in Ottawa, may have the use of these facilities.

Item agreed to.

Public archives—

319. General administration and technical services, $176,393.

Mr. Pouliot: I have just a question or two. How long does it take for a manuscript given to the archives to become public? There are letters from Sir John A. Macdonald. I presume they have been delivered to Ottawa. I wonder whether the correspondence of Sir Wilfrid Laurier has been catalogued. I wonder whether there have been some gifts of correspondence from some other Canadian statesmen. I wonder whether a time is set for the public to read and to study all the correspondence that is given to the archives. If the minister is not in a position to answer now I shall be thankful to him to tell me when he has the information. Those letters are Canadian history. I wonder whether they will interest future generations as much as they interest those of us who have heard about these people. There are very few historians who will go back many years to read correspondence of the statesmen of the past. When we know that, I presume it is more interesting to make a study.

Mr. Bradley: In answer to my hon. friend I may say that most of this correspondence, particularly that of Sir John A. Macdonald and Sir Wilfrid Laurier, is available; but it must be borne in mind that the archivist is in the position of a trustee. I understand the practice is that the documents, particularly those of a personal character, are regarded as not being properly available for a period of some half a century.

Mr. Pouliot: I should like to know, sir, whether the correspondence of Sir John A. Macdonald and Sir Wilfrid Laurier has been catalogued and if the catalogue is completed. Then I should like to know how much it has cost. My third question is, how many people have been working to catalogue the correspondence of Mr. Mackenzie King, and what will be the cost of it? I should like to compare the cost of the cataloguing of the correspondence of Sir Wilfrid Laurier and of Sir John A. Macdonald with that of Mr. Mackenzie King.

[Mr. Knight.]

Mr. Bradley: I am afraid it would be impossible to give the hon. member the information which he asks. No catalogue exists of the correspondence of either Sir Wilfrid or Sir John. It has all been arranged in order, and any one of these documents is available to anyone who wishes to see it.

Mr. Pouliot: I read in the press that the correspondence of Mr. King was being catalogued, and that the new archivist was brought from British Columbia precisely for that purpose. I should like to know how much it has cost and whether the work has been done in the last two or three years. I should like to know how much the country has paid for the cataloguing of Mr. King's correspondence, which no one of us will be able to read, since we shall all be dead by the time it is available.

Mr. Bradley: The work is going on in connection with Mr. King's correspondence. It is not yet completed. I do not think it would be possible for me just now to give any idea of the cost.

Mr. Pouliot: I will tell the minister I want to have it. An archivist has been brought from British Columbia for that purpose. He was chosen mainly by the late prime minister for that purpose. I want to know it, and I want to know how many people are working on that correspondence, and how much they are paid. If some people are working on it I want to know it, and I have a right to know the whole thing.

Mr. Bradley: We shall try to get the information for the hon. gentleman; but I should like to say, Mr. Chairman, that he is not quite correct that the archivist was brought here for that purpose.

Mr. Gibson (Hamilton West): Not correct at all.

Mr. Pouliot: If I was not quite correct—

The Deputy Chairman: Order. It being six o'clock I do now leave the chair.

Item stands.

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

ALBERTA NATURAL GAS COMPANY

The house resumed from Friday, November 18, consideration of the motion of Maybank for the second reading of Bill No. 66, respecting Alberta Natural Gas Company.

Mr. J. A. Byrne (Kootenay East): Mr. Speaker, I had not intended to speak in this debate because prior to coming to this house my work had been principally with labour and industry and I hoped that my major address this session would be concerning such matters. However on Tuesday evening the hon. member for Vancouver East said certain things which I felt reflected, not only on the integrity of the British Columbia members but on our desire to serve our province and serve it well.

I am sure the people of my riding have considerable interest in this pipe line matter and they would be happy to see a pipe line built through the Crowsnest pass. I am sure even the coal miners who are producing a competitive fuel, but who are so notoriously progressive in their thinking, would be happy to have such a convenient fuel as gas available for their furnaces and kitchens. I know the people farther west in my riding at Kimberley, Cranbrook and the other smaller towns would be happy to have such a convenient fuel at their disposal.

Previous to rising to speak tonight I undertook considerable research in order to determine if what I considered were the facts were true. I feel that what I am going to say will be as close to the facts as anything I have heard in this chamber during this debate.

On Monday, March 21, 1949, the Pipe Lines Act was given first reading in this house and it subsequently was passed. The purpose of that legislation was to provide for the control of international and interprovincial trade through pipe lines. In order to set up a company under that act it is necessary that a bill pass this house. In other words, the company must be chartered.

Before being permitted to do business the company must prove, first, that they have a definite supply of gas or oil available; that they have obtained the consent of the government of Alberta or any other province to take such gas or oil out of the province; that they have obtained a permit from the Department of Trade and Commerce in connection with the gas or oil which they wish to take out of Canada; that they are properly financed for such an undertaking; and that they have available markets.

In March of the same year a bill was before this house to incorporate the Westcoast Transmission Company Limited. I have gone through that bill thoroughly and nowhere can I find that a route has been designated. That bill resembles almost word for word the bill now before the house to incorporate Alberta Natural Gas Company. I repeat that in neither of those bills is a route definitely designated. Therefore I think it could be safely said that Westcoast Transmission Company Limited could build a pipe line through any territory and in any direction it might choose, provided it obtained the permission of the board of transport commissioners.

As I said, I have conducted some research. In the files of the transport board I found an application which had been made to the board by the Westcoast Transmission Company Limited on May 11, 1949, a copy of which I have on my desk. That application was to transport gas from Edmonton in the province of Alberta to a point in the vicinity of Kingsgate in the province of British Columbia, with a branch line from a point in the vicinity of Kingsgate to cover Trail in British Columbia. I know Kingsgate quite well. It is a beautiful little town which is a port of entry to the United States, but I am sure the population is not large enough to warrant its being a terminal of a gas pipe line.

I know they have not pressed their application for permission to build this pipe line, but I am sure their inactivity in that regard is not merely coincidental with the arguments that are being presented at the present time by those who oppose this bill. The only objection I have heard to the passage of the bill before us is that this company will export gas to the United States if they obtain permission from the transport board. As I have said, the two bills are as much alike as two peas. I could go farther than that and say that they are as much alike as two divorce bills such as those that pass this house so rapidly, although we have had difficulty with them on occasion. But there is one outstanding difference. The bill to incorporate the Westcoast Transmission Company Limited has passed the house whereas the bill to incorporate Alberta Natural Gas Company has not. Now if we have no faith in the board of transport commissioners, our natural heritage is already lost, and to pass another bill to charter another company could have little effect in this regard.

Mr. Smith (Calgary West): Is the hon. member aware that the Westcoast Transmission Company Limited to which he refers made application to the transport board in September to build a pipe line following an entirely northern route through Canada?

Mr. Byrne: I think that question will be answered by the remainder of my remarks. This present bill may be some indication that the Westcoast Transmission Company Limited cannot meet the requirements I have enumerated earlier. If that is so they would be precluded from obtaining a licence to transmit gas.

Alberta Natural Gas Company

It is significant that the Westcoast Transmission Company, which obtained its charter in March of this year, has yet to receive a permit. They requested that their original application for a permit to construct a pipe line through central British Columbia be withdrawn. Some members put forward the view that a line should be built through the province of British Columbia. It is a point of view with which I certainly wholeheartedly agree. They argued that we should supply Canadian industries first. They should not be so naive. It may be that it cannot be agreed by the companies and the board that such a line is practical, possibly in view of the fact that their markets must be in British Columbia and also in the northwest portion of the United States. If they should find it is impractical to transport gas by one particular route, then an alternative certainly would be necessary. If it were made absolutely statutory that a pipe line to supply such markets must be built in any one particular direction, then if it could not be built at competitive prices there would be no pipe line at all. I say that as long as we are sure the needs of Canada will be served first, regardless of the route, then there must be some alternative.

There is an age-old argument that the railways were built to develop the country regardless of cost. I do not feel that holds true in this case. We must remember that prior to the railways being built there was no other method of transportation unless we consider the covered wagon and the oxcart. I am quite sure hon. members will agree such transportation offered no competition whatsoever to the railways. It must be remembered there is a competitive field in British Columbia and the Pacific northwest. For example, there is the question of coal. I think if I were going to raise an objection to this or any other pipe line bill it would be on the basis that possibly it might deprive some of my constituents of a job, but I am sure they are sufficiently progressive that they would not ask me to take such a stand. We have coal, wood, sawdust, tremendous hydroelectric power, and in the foreseeable future atomic power. If a pipe line cannot be built at a cost sufficiently low to compete with such fuels, then a pipe line will not be built at all.

I was not a member of the house when a charter was granted to the Westcoast Transmission Company, but I understand the bill passed with little opposition. Therefore I had assumed that any other such bills would pass with little opposition, and that even a second or third charter could be granted. It is my considered opinion that anyone opposing the measure at this time is committing an offence against our system either wittingly or unwittingly, and is helping to set up a Canadian monopoly in the pipe line business. We have been asked why we are silent on this matter. I think there was considerable reason to be silent. I felt any comments on this measure were absolutely unnecessary. As I said earlier, however, there were accusations in the speech of the hon. member for Vancouver East (Mr. MacInnis). In that speech he said, at page 2101 of *Hansard:*

> Somebody is going to have to be paid for the money spent in presenting the petition to parliament. Somebody will have to be paid for the cost of all the lobbying that has been done around here during the past several weeks. I should like to know who is paying for those things and how they are going to recoup themselves if they do not ultimately build a pipe line.

I suppose that would be their business anyway.

> That is something the sponsors of these bills should tell us. That is something the British Columbia members who have so little regard for the welfare of British Columbia that they vote for these bills should tell us. They should make it quite clear to the house just whom they are supporting in this matter, British Columbia or some pipe line promoters.

I consider that a fairly serious charge, and I wish those who hear me now to consider seriously what I am going to say. I think, in the light of all the related facts, I may ask with equal justification whether those British Columbia members who are opposing the granting of these charters are doing so for the welfare of British Columbia; or are they supporting some British Columbia pipe line promoters? One hon. member from the Liberal benches rose to point out he was wholeheartedly in agreement with the opposition on this question. I am very happy there are not more Liberals taking that position because I would say that it is an obviously biased and reactionary position, and if there were more I would be extremely apprehensive of the future of the Liberal party.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I have no intention of filibustering this bill. I have some pretty strong opinions on the matter now before the house. I want to assure the house, and particularly the member who has just taken his seat, that I have no personal interest whatsoever in the bill, but I am concerned about the principles that these bills are establishing. These pipe lines will not in any way affect the part of the country I represent, but we have seen the development of the resources of that part of the country manipulated over the years in exactly the same way that these bills attempt to manipulate the resources of Alberta.

The hon. member who has just taken his seat is new here. I guess he is completely

honest in what he has said, but I can assure him he has a lot to learn about finagling on the part of high finance.

Mr. Fraser: And the government.

An hon. Member: He is honest but he is green.

Mr. Gillis: If I could make myself believe the statement he has just made was correct I would be quite willing to sit down. The act to which he has referred that was passed in April merely gave the Board of Transport Commissioners for Canada the right to issue licences to companies such as those mentioned in these bills. If those who desire to establish pipe lines could now go to the Board of Transport Commissioners for Canada and have the provisions of this bill implemented by the board, then these measures would not be before the house.

The hon. member also said that the five bills which came in the back door from the Senate at the last session of parliament passed the house with little opposition. There was not much chance to offer any opposition.

Mr. Robinson: You voted for them.

Mr. Gillis: No, I did not. You will find that on April 29, 1949, I am recorded in *Hansard* as having made some fairly strong statements against them. They came in the back door on April 28 and this house prorogued on April 30. There was little discussion on them in the house. At that time we moved an amendment against them. They were sent to a standing committee, were considered there overnight, and were passed by the house the next morning. My opposition to them at that time was based on the fact that there were members of parliament then in the house who would not be members any longer after a day or two, and had no right to bind the people of Canada or the House of Commons to this type of legislation. Many of them would not be coming back; yet we were saddling the present House of Commons with legislation which I figured, on more mature judgment and with more time at our disposal in which to analyse the manoeuvring behind those bills, would not have passed. They received very little discussion or consideration, but were opposed by this group as strongly as we could oppose them in the time at our disposal; and we moved amendments to them.

The bill now before the house is exactly the same as the one we discussed Tuesday evening, and exactly the same as the four we discussed in April, 1949. I want to stress the point as far as this bill is concerned, and the other four I mentioned, that they are merely stock promotion bills. There is no capital behind them. My hon. friend said that in effect, while opposing bills of this type, we were building up a monopoly in Canada, but in my opinion the reverse is true. It seems to me that the company incorporated under Bill No. 238, the only one with capital behind it, will finish up with the one pipe line in this country. We are asked to pass these other bills incorporating companies with no capital behind them, and giving them the right to go out and sell shares. The people who have the $4,500,000 with which to gamble, the people who were incorporated under Bill No. 238, will buy the stock of these companies and in the final analysis all the stock will be owned, controlled or held by one company. That is what we want to avoid.

I think the history of this country should show us very clearly that the time has come when governments, both provincial and federal, should have some regard to our natural resources. It is all right to talk about free enterprise and smaller organizations operating under charter, but when you are juggling with the natural resources belonging to the people they have a right to expect their elected representatives to see that those resources are protected and developed in their interests, with some control by the legislative bodies of the country to see that they are used as they should be.

As an example I should like to refer briefly to the coal mines of Nova Scotia. When the leases were first given out—in that case there were leases rather than bills —there were half a dozen or a dozen operating coal companies in the maritime provinces. There was competition. They sent out sales agents; they sold coke; operations were carried on as we are led to believe would be the case in connection with the oil resources of Alberta if these bills should pass. But after a few years one major company, Dominion Coal, began to buy the stock of the smaller companies. When they had a sufficient amount of stock the smaller shareholders were squeezed out. They lost their investment, and the industry wound up with one over-all operating corporation. This type of legislation is exactly the same in principle, except that here we are doing it on a national scale.

As far as I am concerned, if I could imagine for a moment that there would be six or seven operating companies with pipe lines in Canada I should say that would be a good development, that would be decentralized control of that resource. But I cannot see it operating in that way. I am as sure as I am that I am standing here that before many years go by there will be one pipe line in this country, owned and controlled by

Standard Oil of the United States through Imperial Oil, its Canadian subsidiary. By these bills we are simply legalizing the right of these stock promoters to go out and sell stock, because there is no capital behind them, no money involved at all. The oil companies are the people who have the money. They will buy this stock; there will be one operating pipe line in the country, and that is about all you will ever get out of this sort of development.

My purpose in rising at this time, Mr. Speaker, was to move an amendment. I stress, as we always have stressed in this house, the desirability of public ownership or some public control when this type of legislation is proposed. That is based on long experience with this kind of legislation, knowing the damage it can do and the difficulty of getting rid of it once it is established. When I move my amendment hon. members may vote for it or not, as they like; but if this development goes ahead in spite of the opposition we are able to offer, in the years to come I think the hon. member for Kootenay East (Mr. Byrne) will look back at *Hansard* and say, "Well, I was young and a bit naive at that time, but I can put it down to inexperience; and those fellows were right." I thought I saw signs of the fine hand of the hon. member for Coast-Capilano (Mr. Sinclair) in some of the phrasing we heard not long ago. He did not do a bad job, either. In the years to come, if I am not here—it will be because age has defeated me—my hon. friend will be able to read *Hansard* and I am sure he will say, "Why, my advisers at that time were not so farsighted. The people who opposed that legislation and attempted to amend it had pretty good judgment. I am sorry I did not listen to them." So I move, seconded by the hon. member for Selkirk (Mr. Bryce):

That this bill be not now read a second time but that further consideration thereof be deferred until this house has had an opportunity to record its opinion that consideration should be given to the construction and operation of pipe lines by a crown corporation, or to a public agency owned and controlled by the government of Canada.

To anticipate hon. members who may go to Beauchesne and Bourinot and May and then back to Walpole, I want to say that an amendment similar to this was moved last session by the hon. member for Vancouver Centre, Mr. Young.

Mr. Sinclair: Where is he now?

Mr. Gillis: Studying law, so he may come back here and understand Beauchesne. On April 29, 1949, he moved a similar amendment, which appears at page 2775 of *Hansard,* reading as follows:

That this bill be not now read a second time but that it be resolved that in the opinion of this house consideration should be given to the construction and operation of pipe lines by a crown corporation or other public agency owned and controlled by the government of Canada.

That amendment was held to be in order, and was voted upon. I have even softened my amendment a little. That amendment asked that the bill be not now read a second time. I believe that action on this particular bill should be deferred until the house has had an opportunity of recording its opinion. These bills should be sent to a committee. We have lots of time; there is no hurry about this. I am sure every member of this house wants to do the proper thing with these bills. The bill we discussed on Tuesday night, and the one we are discussing now, should be handed to a committee so that the members can meet the people who are sponsoring this legislation. These measures could then be returned to the house with sufficient information to assure the members that they are either good or bad. If the facts are given to the average member, I believe he is reasonable enough to form an opinion that is in the best interests of the people of this country. This amendment merely suggests that we defer action to permit a committee to consider the bill. Later on, we can record an opinion based on the evidence given to us by the people who are capable of doing it, and who have the facts. So far that has not been done.

Mr. Speaker: The question is on the amendment moved by Mr. Gillis. All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

Amendment (Mr. Gillis) negatived on division.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to say a few words on this measure this evening. I listened with a good deal of interest to the remarks of the member of Kootenay East (Mr. Byrne). He is a new member in this house and I think he meant what he said, but there were some inaccuracies in his statements which will appear as I explain the different facts in connection with this measure.

I believe, as conscientiously as it is possible for one to believe, that this bill should not be passed at this session. I believe that the questions raised by this bill are of the utmost importance, perhaps as important as any questions that will be considered by this house during the whole life of this parliament. This evening I shall try to point out some of those considerations which I believe are of such great importance.

In the first place, it is quite clear that any pipe line which would be laid by the Alberta Natural Gas Company will go to the boundary between Canada and the United States at the first convenient point. From there it will be continued into the United States. There is a possibility that a branch of the main pipe line will be laid back to the Canadian cities on the Pacific coast. There is also a possibility, although I think it is very remote, that a branch line may also be laid up the valley of the Columbia into the district around Trail.

Surely there can be no question that the objective of this company is to get a natural gas and oil pipe line into the northwestern states of the United States of America; that has never been denied. Many hints have been made to the contrary but, in my opinion, there is not the slightest doubt that the purpose of this company is to lay a pipe line to supply the northwestern states of the United States. I know that because about two years ago there were lobbyists in Ottawa, and they came to see me as a British Columbia member. I queried them as to whether this pipe line was to serve Canada or the United States, and they said, "Oh, well, it is to go to the United States but eventually it will get up to Vancouver." That was the plan of the promoters of this company a year and a half or two years ago.

It was interesting to listen to the Minister of Fisheries (Mr. Mayhew) describe just where this pipe line was to go. At page 2109 of *Hansard* he pointed out that there was a natural route for a pipe line through the Yellowhead pass, down through the centre of British Columbia and eventually to the coast cities. I believe that is the route which should be followed by a pipe line. Then he went on to say that there was another route which would start in southern Alberta, and he defined the start of the route clearly. It would start at Pincher Creek, Alberta, and go through the Crowsnest pass to Frank, then into Cranbrook and Kimberley.

At that point the minister began to get quite hazy. He stopped dealing with geographical locations and began to give hazy directions—the sort of directions which if one took to find a place would certainly land him at some other place. It reminded me of being given the wrong directions in the army. He said it would go from Kimberley down the west side of the interior. What he meant by the "west side of the interior" is anyone's guess. At page 2110 of *Hansard* he said:

> Anyone who knows anything about British Columbia knows that it is a province of mountains and valleys. It would be utterly impossible to put a pipe line through in just one direction. In my opinion the proper way is to go south and then north into the Kootenay and Okanagan valleys, to go from the south to the north.

The minister was going north and south, and then south and north, but the one thing he neglected to say was that the route would go south into the United States, and then there might be a branch line north into British Columbia. His description was so confusing that even the member for Cape Breton South (Mr. Gillis), who is rather quick at understanding these things, was misled into thinking the minister said the route would go through British Columbia. Actually, the second route mentioned by the Minister of Fisheries is obviously a route through the United States.

I should like to say a word about who is behind this proposed company. I have in my hand a dispatch from the *Financial Times* of November 25, 1949. It is headed "Natural Gas lines form major group of public utilities". It points out that natural gas lines are now becoming of the utmost importance on this continent, and that they are going to be among the very biggest groups of business. This is not small business we are dealing with at all when we are dealing with these pipe lines. It is business which is going to involve hundreds of millions of dollars and the jobs of hundreds of thousands of Canadians. We are not just dealing with some little side show. This article points out that there is a Westcoast Transmission Company which was granted a charter last spring, and goes on to say:

> Westcoast Transmission Company proposes to export gas to British Columbia and United States areas in the northwest . . . The company's plans, which have been approved by the dominion parliament, call for an all-Canadian route, from north central Alberta through British Columbia and include numerous retail facilities along the way . . . Total mileage 1,100 miles and total estimated cost $170 million.

Then it goes on to describe the other pipe line, the one which we are discussing tonight:

> The Northwest Natural Gas Company, an American concern, expects to export gas via Kingsgate, B.C.—

Which is in the riding of Kootenay East.

> —to the state of Washington. Chances for this company do not appear so good, since its plans call for export of Alberta gas primarily to the United

States, without giving consideration, to the same extent as other companies in the field, to the real needs of Canadian provinces. Total cost $100 million.

It also deals with Prairie Pipe Lines Limited, the other company which is seeking a charter, and says:

The Prairie Pipe Lines Limited, whose plans have not yet found the full approval of the parliament at the time of writing, also call for export of natural gas to Washington state and for re-import of part of this gas to southern B.C.

The Northwest Natural Gas Company which, I suggest, is behind Alberta Natural Gas Company—if it is not, let the members who are sponsoring this bill get up and say who is behind the Alberta Natural Gas Company—is a subsidiary of Venezuela Syndicate Incorporated of New York. If hon. members care to look up Moody's Manual of Investments, 1949, they will find, at page 857, the particulars of Venezuela Syndicate Incorporated. We are dealing here in effect with a United States corporation. The natural gas is not to go through United States in bond to another point in Canada, which is the way the Minister of Trade and Commerce (Mr. Howe) said that the oil was to go from Gretna, Manitoba, to Superior, Wisconsin, and so to Sarnia. That is not the case here. I do not believe it is the case with the oil pipe line either. I think the bulk of that oil is going to the Chicago area. But this gas is not to go in bond through the United States from one Canadian point to another. It is to go to the northwestern United States to develop the states of Washington and Oregon which are in direct competition with the province of British Columbia in practically every line of our endeavour.

Then there is another consideration. The Minister of Trade and Commerce, with that promptness and readiness with which he so often gives assurances which never turn out to be of much value, assured us one evening that he would see to it that Vancouver got this gas before any went to the United States; that Vancouver would be looked after in any event. That of course was an absurd statement. All that the Minister of Trade and Commerce can do is to give or to withhold a permit for the export of gas. Once he has given that permit for the export of gas, he has no way of forcing it back into Canada. We all realize that he is a "big shot" in this government, but he cannot go that far; and when he gave that assurance, he was talking right through the top of his hat. We need some more certain protection. We require to have far more assurance that this gas is going to get back into Canada once it leaves Canada at Kingsgate in the riding of Kootenay East.

That brings me to this further question. If Canada is to have gas and oil lines across the border of the United States, then there must be some international treaty between Canada and the United States, one which would provide in this case that the gas line would come back into Canada; that the United States authorities would see to it that that gas line came back into Canada. If there is to be an exchange as between different parts of the continent—that is, if western Canadian gas is to go into the United States and eastern United States gas is to come into Canada—then that should be set out in an agreement between the two countries. There should also be provision that there would be no interference with the gas going from one point in Canada through the United States to another point in Canada. But there is no such agreement at the present time. I asked that question of the Secretary of State for External Affairs (Mr. Pearson) in the standing committee on external affairs last Friday, a week ago today. Hon. members will find the questions and answers at page 40 of the reports of that committee. That page, in part, reads as follows:

Mr. Green: My first question has to do with international gas pipe lines. There are some of those lines crossing the boundary at the present time but apparently there are to be others crossing from Canada. Has the department given any consideration to the question of whether there should be international agreements negotiated to cover the installation of those pipe lines? For that matter, are there any such agreements in existence at the present time?

Hon. Mr. Pearson: Mr. Green was good enough to mention this point to me after the meeting this morning—

Mr. Cote (Matapedia-Matane): On a point of order, Mr. Speaker, the hon. gentleman is referring to the proceedings of a committee which I do not think has made a report.

Mr. Speaker: The hon. member has brought to my attention the fact that the hon. member for Vancouver-Quadra (Mr. Green) is reading, from the proceedings in the committee, evidence taken in a committee which has not yet reported to the house. I do not think it is in order for him to read the evidence at this time.

Mr. Green: Perhaps I can put it in this way. I will make the statement on my own responsibility—and let the hon. member for Matapedia-Matane (Mr. Cote) get up and deny it if he can—that there is no agreement between Canada and the United States at the present time concerning pipe lines to convey either oil or natural gas.

As a result of this question the Department of External Affairs has just begun to look into that whole field. At the moment the control of these pipe lines that cross the boundary is not in the hands of the United

States government or of the Canadian government. It is in the hands of these oil and gas companies. They are setting policy at the present time and the fact that there is no international agreement alone justifies a delay in dealing with these bills.

The minister also said that Alberta must decide. He was very happy that he could evade the responsibility and put it back onto the Alberta government. At page 1599 of *Hansard* he said:

> And may I say in passing that I am very glad indeed, as a member of this government, that the province of Alberta has relieved this government of the responsibility of making a choice of pipe line companies to do this particular job.

That is not the responsibility of the province of Alberta. It is the responsibility of the Canadian parliament under the system which is being followed. The only sort of measures that the province of Alberta can enact, or any other provincial government, are based on the conservation of natural gas. They might bring in a regulation and say: We will impose this restriction in order to conserve natural gas. But when they go further and use that power to stop the movement of natural gas into another province or into the United States they are exceeding their power. That is not within their jurisdiction. I submit that they cannot control the export of these commodities, and therefore the responsibility rests here with the Canadian parliament.

Mr. McIlraith: Will the hon. member permit a question? Does he know how many pipe lines there are supplying oil and gas to Canada from the United States at the present time?

Mr. Smith (Calgary West): There is a question on the order paper asking the hon. member that question and he could not answer it this morning.

Mr. McIlraith: I am asking the hon. member if he knows.

Mr. Green: This comes under the department in which the hon. member for Ottawa West is a parliamentary assistant. It would be appropriate for him to rise in this debate and give us that information, and make an argument, if he wishes, on the point of whether the Department of Trade and Commerce is following a wrong policy in connection with these bills. It would be interesting to have an argument from the hon. member.

Mr. Mitchell: Will the hon. member permit a question?

Mr. Green: I hope it is going to be "in a kindly way"!

Mr. Mitchell: Yes. Can he explain to me how the people of British Columbia can eat all their own salmon and use all their own lumber?

An hon. Member: Don't be silly.

Mr. Green: Does the minister want them to eat all their own lumber too?

Mr. Mitchell: No, I will leave that to my Tory friends.

Mr. Smith (Calgary West): You are chewing the rag.

Mr. Mitchell: That is all right.

Mr. Speaker: Order. The hon. member for Vancouver-Quadra permitted the question. I think the house should allow the question to be asked.

Mr. Smith (Calgary West): If he will ask it.

Mr. Mitchell: There are one or two things—

Mr. Green: Not a speech.

Mr. Mitchell: The hon. member does not want to be parochial. Can the people of British Columbia eat all their own salmon, use all their own lumber, and eat all their own apples?

Mr. Green: The minister has asked me if the people of British Columbia can eat all their own salmon and use all their own lumber. Of course the answer is no.

Mr. Smith (Calgary West): You learn something every day.

Mr. Mitchell: You could not eat all their salmon.

Mr. Smith (Calgary West): I would not eat it at all.

Mr. Green: There is another consideration, and it has been mentioned before in these debates. It is very important and I think every hon. member agrees with it. In these charters the route which is to be followed should be set out. That has been the practice in railway charters right from the start. It should be the same with charters for oil and natural gas pipe line companies. The bill under consideration has no such restriction whatever. It gives this company power to install a pipe line anywhere within or outside Canada. In other words, it is given power to put in a pipe line for natural gas or oil anywhere in the world. That is just ridiculous. The route should be defined. There should also have been a route put in the charter of the Westcoast Transmission Company. There is no doubt of that. On this point I agree with the hon. member for Kootenay East (Mr. Byrne).

Mr. Warren: Carried.

Mr. Green: No, it is not carried yet. The reason was that these bills came to this house not in March, as the hon. member for Kootenay East said, but in April. They came up for discussion for the first time on the evening of April 29.

Some hon. Members: Carried.

Mr. Green: It was around nine o'clock, and they were referred to the committee. The committee sat for about half an hour. The bills came up for third reading the next day, the last day the house sat. I hold in my hand *Hansard* of that day.

On motion of Mr. Green the debate was adjourned.

Mr. Speaker: It being nine o'clock the house will resume the business which was interrupted at six o'clock.

Mr. Cote (Matapedia-Matane): You did a good job.

Mr. Smith (Calgary West): I would suggest that those hon. members be permitted to use the only English word they know, namely, "carried".

Mr. Warren: Don't be too smart.

SUPPLY

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

DEPARTMENT OF THE SECRETARY OF STATE

Public archives—

319. General administration and technical services, $176,393.

Mr. Pouliot: I shall not take much of the time of the committee. Since we are hearing so much being said about Canadian citizenship and about the building of a proposed national gallery, I submit, sir, that one of the most important matters is the study of the history of this country. I knew intimately the first archivist, Sir Arthur Doughty, who succeeded in making so many important historical documents available to the Canadian people. I wonder how many of my colleagues knew Sir Arthur Doughty personally. He and Adam Shortt working together published real treasures of history from the beginning of the country. Anybody knows how difficult it is for anyone to study in the parliamentary library, which is one of the richest in this country, or to go to the expense of going to the archives to take notes there of all the documents on the past history of this country. Doughty and Shortt succeeded in having most important documents published under the title of "Constitutional Papers" or "Constitutional Documents". A few of the documents were published each year in the annual report of the archives, but we now find that some of the most historical documents are difficult to get. The publication of these documents was discontinued, either on account of the war or for some other reason, and the result is that they are not now available to Canadian students. In my humble opinion this publication should be resumed from the point at which it was stopped, in order that all Canadians who want to know something about the history of their country may have easy access to them.

The new Secretary of State is doing very well at the head of his department and I congratulate him. I wish him every success, but I do hope he will give definite instruction that the publication of these historical documents be resumed at the earliest possible date from the time the previous publication was stopped. I make this suggestion in order to promote a greater knowledge of the history of this country by our young people from Newfoundland to British Columbia. Some of these publications are quite difficult to get and perhaps a reprinting may be necessary. Many young people who want to study these things cannot afford the heavy travelling expense of coming to Ottawa. These documents should be available in the home, in the college or wherever it may be necessary in order to promote knowledge of the history of Canada.

Could the Secretary of State tell us how many people have been working at the archives cataloguing the correspondence of Sir John A. Macdonald and Sir Wilfrid Laurier? What amount was paid for their services? How many people have been working during the last few years cataloguing the correspondence of Mr. King? At the present time historical documents are made available only after fifty years and in my humble opinion they should be available to the people almost immediately. We now have access to the correspondence of Sir John A. Macdonald who died more than fifty years ago and to part of the correspondence of Sir Wilfrid Laurier who died exactly thirty years ago. Sir Wilfrid lived a long time and some of his correspondence, particularly about the Manitoba school question and other matters, should be made available to the public.

Mr. Bradley: As I said this afternoon, the papers of both Sir John A. Macdonald and Sir Wilfrid Laurier are in order. As yet there is not a complete catalogue prepared, but any of the papers that are available can be seen by anyone who wishes to see them. All of Sir John's documents are available, but not Sir Wilfrid Laurier's, because some of them are not yet fifty years old.

I think it would be impossible to say just what it has cost to put these documents in order and prepare them for examination because the work was done under votes which included the activities of other public officials. The number of officials first employed in looking after Mr. King's papers was three. That was back in 1946, and the number has since been increased to four.

Mr. Pouliot: How much are they paid?

Mr. Bradley: In 1946-47 they received $3,613; in 1947-48 the amount paid was $8,244; in 1948-49, $10,059; and in 1949-50 up to October 31, $6,680.

Mr. Pouliot: I thank the minister, but I think that is costing much more than the correspondence is worth. I suggest to him that he stop that expenditure now so that any expenditure necessary will be borne by those who will be reading the correspondence. We are being asked to spend money each year in preparing that correspondence but we cannot see it.

Item agreed to.

Civil Service Commission—

50. Salaries and contingencies of the commission, $1,379,143.

Mr. Knowles: I should like to say a few words with respect to item 50. I gave notice to the Secretary of State last evening, when we were dealing with another item in his department, that I would be asking some questions when we reached this item. I felt last night that the Secretary of State did not quite understand some of the things I was saying. I will try to make it more clear tonight. As I understand, there is in the civil service what is known as a quota system. I believe the effect of the quota system is that in the various departments of the government, not just in the office of the civil service commission itself but in all departments, only a certain percentage of the employees can be permanent. The remainder have to be listed as temporary employees. The result is that many people are temporary for years and years. They are permanent in many respects but not legally, and not so far as pension rights are concerned. I should like to know what progress has been made in recent years by way of increasing the percentage of employees who can be classified as permanent. For example, what was the percentage of permanent employees to the entire civil service two years ago? What was the percentage a year ago, and what is it now?

Mr. Bradley: At the present time there are 45,000 permanent employees compared with 77,000 temporaries. In 1948 permanency was granted in 5,715 cases. To the end of October this year permanency has been granted in 4,670 cases. Subject to the conditions which I have outlined, substantial progress in additional permanency is being made.

Mr. Knowles: The figures the Secretary of State has just given indicate that 4,670 have been granted permanency this year. Does he mean by that—

Mr. Bradley: To the end of October.

Mr. Knowles: To the end of October, 1949. Does he mean that that number of people who were previously temporary have been made permanent, or that there have been that many new employees taken on?

Mr. Bradley: That is correct.

Mr. Knowles: Which?

Mr. Bradley: These are temporaries who have become permanent.

Mr. Knowles: How do the figures of 45,000 permanent and 77,000 temporary compare with any year that the Secretary of State may care to give, two years ago or three years ago? He has said progress is being made. I should like to know to what extent.

Mr. Bradley: Roughly about 5,000 a year.

Mr. Knowles: You cannot give me precise figures?

Mr. Bradley: No, I have not got them here.

Mr. Knowles: If I cannot get them I cannot get them. But having asked the question last night, I do not think it is good enough that the minister cannot give us that kind of information after twenty-four hours.

Mr. Bradley: Of course presumably the figures can be obtained, but I did not know how many years the hon. member wished to go back.

Mr. Knowles: I said last night I would be asking the question, and I had hoped the minister would be able to discuss what progress was being made with regard to this percentage matter. I did not call it a quota system last night, but that is the name it is best known by. I cannot figure out now what these percentages are as quickly as I might, but with 45,000 permanent and 77,000 temporary it is no wonder that the hon. member for Queens time and time again when we are dealing with the estimates wants to know why there is such a big item for temporary assistance. But apart from that I do not think it is fair to take on so many employees in that way, and among other things that they should have lesser status at least so far as pension rights are concerned.

Mr. Pouliot: The hon. member for Winnipeg North Centre must know very well that

whenever anyone is employed as a temporary in the civil service he assumes he will be made permanent within a short time.

An hon. Member: Oh, no.

Mr. Pouliot: Oh, yes; it is my personal experience.

Mr. Knowles: How long is "short"?

Mr. Pouliot: Well, that is that. How many were working tooth and nail to get temporary positions during the war, and afterwards remained as permanents in the service when there was a distinct understanding they would be temporary at the time they were appointed? My hon. friend knows that. It is human nature. They accept the position with the understanding that it will be temporary for a year, two years or three years. They can be told not to report at any time, but they take for granted as soon as they join the civil service that it will be for their whole life. It is unfortunate, but it is human nature and cannot be changed.

Besides that, there is something else my hon. friend knows very well. He knows that the minister is piloting the estimates of the civil service commission, but he is not responsible for the civil service commission for this reason. My hon. friend from Winnipeg North Centre and those of his group speak of the merit system. They tell us to leave the civil service commission alone, let them do their work, and do not interfere with the promotions that are made by them. I have a high regard for Mr. Bland, Mr. Nelson and Mr. Boudreau, the new commissioner. I know them well and have a high regard for them, but it has been the policy of the C.C.F. group to build a Chinese wall between the civil service commission and all other departments of the government. The hon. member knows it and will admit it. Therefore who is to blame in that regard? Is it the commission or the minister? The minister is only here to supply money for the civil service commission to proceed with its work. Of course the civil service commission may have very good reasons for not appointing a larger number of permanent civil servants. It is their own policy, and it may be entirely different from the policy of the government.

Mr. Stewart (Winnipeg North): I think the hon. member for Temiscouata somewhat misses the point. As I see it, the point is that it is unfair to a person who is employed by the civil service to be continued indefinitely on a temporary basis, thus denying him the pension rights which others have. That is the basis of the argument, and I think there is some legitimacy to it. I wonder if the minister can answer this question. If he cannot do so perhaps he can provide the information later. Can he tell us how many civil servants there are still on a temporary basis who have had ten years' service or more with the civil service?

Mr. Bradley: Approximately 40,000.

Mr. Knowles: Is ten years a short time?

Mr. Bradley: In reply to the hon. member for Winnipeg North Centre, I should like to say that sessional paper No. 100C dated November 18, moved by Mr. Fraser, perhaps contains a good deal of the information that the hon. member requires. I notice here that in 1948 in the Department of Agriculture the number of permanent employees was 572, and temporaries 2,003. In the succeeding year the number of permanents was 701, and temporaries 2,629. There was an increase there in both cases. There are some others here I can give him if he is prepared to do a little addition in the matter.

Mr. Fraser: Has the minister the figures for the film board?

Mr. Bradley: I shall see if they are here.

Mr. Pouliot: Before the minister answers may I be permitted to reply to what was said by the hon. member for Winnipeg North. I never said it was fair or unfair that there should be a large number of temporaries. I did not say that at all. I explained what happened in my own experience, and it is impossible to make a general statement about the fairness or unfairness of the number of temporaries unless there is a report on each case, because each is different. I have recommended some of my constituents, who were temporary, for permanent positions; and what has been the answer by the departments concerned? "We will wait until the civil service commission makes a decision about it." The policy of my hon. friends—whether it is right or wrong I am not going to discuss at the moment—is to give the civil service commission a free hand. Therefore how can they place the blame on the government?

Mr. Bradley: In the national film board the number of temporary employees is 577; and permanent employees, 23. Before I sit down I should like to say that the conditions under which permanency is granted to civil servants come under four headings. First, the work of the civil servant in the department must be satisfactory. Second, of course, he must pass the necessary civil service examinations. Third, the work in which he is engaged must be of a continuing and permanent character. Fourth, his permanency must fall within the quota of permanent positions prescribed for this department by the treasury board.

Mr. Knowles: Now, in what the hon. member for Temiscouata has said and what the

Secretary of State has just added, we are getting down to what I am talking about. The hon. member for Temiscouata has said that we in this group—and I hope we are not alone in this but that every party in the house takes the same view—feel that a Chinese wall should be built around the civil service commission as far as appointments are concerned, with no political interference. I hope the hon. member for Temiscouata was not crediting that view to us alone; I hope it is the view of all parties.

Mr. Pouliot: I have no power of attorney to speak for anybody else. I just mentioned what I knew from experience.

Mr. Knowles: The hon. member said he had found that if he made recommendations to departments that so-and-so be made permanent the reply was that this was up to the civil service commission; in other words the departments do not make the appointments, nor do members of parliament—I hope. That is the way it should be. But government policy and the general policy of the civil service commission surely are matters on which we can comment. Just now the Secretary of State indicated—and I think this is the first time I have heard it from such a high official—that there is what is called a quota system, that the civil service commission prescribes that in the various departments there may be only a certain quota or certain percentage of employees classified as permanent. I think the figures given by the Secretary of State as examples, dealing with a number of departments, have made hon. members generally feel that the quota of permanent employees is really pretty low. If it were to be considered that civil service work is a temporary thing, which is on the way out, one could understand it; but the activities with which the government must concern itself are increasing and will continue to increase as time goes by. We are not going to have fewer civil servants in future than we have now; the likelihood is that we shall have more. Since that is the case I still think it is not fair to ask forty thousand civil servants—I think that was the figure mentioned by the Secretary of State—who have been with the government for ten years or more still to be classified as temporary. I do urge the Secretary of State and the civil service commission in this public way, through him, to try to find some way to increase that quota of permanent employees permitted in each department. I think that would be only fair to the service as a whole, to the morale of the service, and to the employees themselves.

Mr. Pouliot: After what has been said my hon. friend is too logical to blame the Secretary of State for what he considers the small percentage of permanent employees, which results from the fact that a quota has been established by the civil service commission.

Mr. Knowles: I am trying to get at the civil service commission in the proper way.

Mr. Stewart (Winnipeg North): I do not think anyone is inclined to blame anybody for anything. We are trying to get some facts, which I find very interesting. If we have forty thousand employees of the Dominion of Canada who have been working for us for more than ten years, one must assume that they have a certain degree of competence, otherwise they would have been dismissed. That competence must exist, so surely they have some right to be placed on a permanent basis, like others in the service. The minister has told us that as far as permanency goes they are divided into four groups, those whose work is satisfactory, those who pass the requisite examinations, those whose work is of a continuing nature, and those who are lucky enough to come in under the quota. Can the minister tell us how many of those who are not permanent have failed to achieve permanency for each of these four reasons?

Mr. Bradley: For only one, or for all four?

Mr. Stewart (Winnipeg North): I should like to know the figures for all four, very roughly, if the minister can give them to me.

Mr. Bradley: The position is that during the war very little was done in the way of shifting from temporary to permanent. Since the war a good many of the openings have been filled by veterans. I believe that is declining in volume now, and I think I can say that the number of changes from temporary to permanent will show a considerable increase in the near future.

Mr. Knowles: A couple of times during the course of my remarks I made the statement that civil servants who have to continue as temporaries thereby fail to qualify for pension rights during those years. Just to get it confirmed may I ask, was I right or wrong in making that statement?

Mr. Bradley: That is correct.

Mr. Knowles: All the more reason for hoping that this process will be speeded up.

Mr. Gillis: I think the subject discussed by the hon. member for Winnipeg North Centre requires a little more elaboration. How did the civil service commission arrive at this quota basis? Ten years is not a long time when you consider the position of many of

the employees of this House of Commons. Some of them have been here for twenty-five years, and they are still temporary. They have no pension rights, no security of any kind. They are just getting older and older, and expecting to go out some stormy night and find themselves with no means of livelihood at all. That is not a very nice thing to look forward to after having been employed by the people of Canada. We have forty thousand people who have been working for the government for ten years or more but who are still in the position that they do not know whether or not they have a job; they are temporary employees. They do not come under the superannuation scheme. Perhaps after ten or fifteen or twenty years someone in the commission will come along and say, "You are going to be made permanent tomorrow. You will then have the right to come under the superannuation provisions, but you will have to pay into the fund everything you would have contributed during the last twenty years, plus interest on the money you did not pay, to cover the security you did not have during the fifteen or twenty years you were temporarily employed." Does that not sound rather ridiculous? I should like to see any corporation, large or small, sit around the table with a bargaining committee of a union and try to justify that sort of an arrangement. Does that not mean there is something wrong there? I imagine anyone who is responsible for the administration, and who thinks in those terms, should go and see a psychiatrist; there is something wrong upstairs. We have discussed this time and again. Will the minister tell us how they arrive at that quota?

Mr. Bradley: The hon. gentleman will have to ask the treasury board that question. They will have to answer it because I am unable to do so.

Mr. Fournier (Hull): May I give some information on this subject? The number of temporaries in each department can be explained in different ways. The establishment of each department is not only decided upon by the civil service commission after it investigates the needs of the department for permanent and temporary positions, but their report is submitted to the treasury board. The treasury board officials then inquire into the requirements of this department, and decide on the establishment as a whole, as between permanents and temporaries.

Before the war those departments would have their establishments on a percentage quota; some would have seventy per cent permanents and thirty per cent temporaries, and so on. When the war came along, to protect the rights and privileges of those who were in the armed forces, the civil commission made no permanent appointments—perhaps the occasional one, but very few. At that time thousands of temporary employees were hired. After the war the commission and the government of the day applied the veterans' preference, and those men were brought in but could not become permanent without having at least one year of service. The temporaries employed during the war were replaced by veterans, and as the need for permanents developed in the departments those veterans became permanent.

I do not suppose there are two departments in which the percentages as between permanent and temporary employees are the same. I do not think the civil service commission should take the blame for the number of permanents or temporaries in the department because, in the final analysis, they do not make the decision. It is the treasury board that decides.

Mr. Stewart (Winnipeg North): Under what estimate could we discuss the treasury board?

Mr. Fournier (Hull): Why not wait until the Minister of Finance is present? I am answering these questions at the moment because I have been interested in civil service matters, and I am trying to give some help on the question.

Mr. Knowles: Can we ask questions about the policy of the treasury board on the estimates of the Minister of Finance?

Mr. Fournier (Hull): Certainly; I have never heard the Minister of Finance refuse to answer questions.

Mr. Knowles: I have been here for some time but I have never heard the treasury board discussed on the estimates of the Minister of Finance, or on any other item.

Mr. Gillis: I do not know who they are.

Mr. Fournier (Hull): If you do not know the composition of the treasury board after the length of time you have been here, you should not be lecturing the new members.

Mr. Knowles: Who are the members of the treasury board?

Mr. Fournier (Hull): It is the Minister of Finance and five of his colleagues.

Mr. Knowles: Who are they?

Mr. Fournier (Hull): The Minister of National Revenue; the Minister of Public Works—

Mr. Gillis: Good, now we know whom to blame.

Mr. Fournier (Hull): The minister without portfolio, who was formerly the Minister of

Trade and Commerce, the Hon. Mr. MacKinnon; and the last is the Minister of Veterans Affairs. Perhaps I am making a mistake in the name—oh, and the Minister of Agriculture. Those are the members of the treasury board. Any time you need further information, I shall be glad to supply it.

Mr. Knowles: We are making progress, Mr. Chairman. A while ago the hon. member for Temiscouata and I had a difference in endeavouring to find out where to go to deal with this quota problem. He finally said that it was clear that we should go to the civil service commission. In one of his answers, the Secretary of State said the civil service commission laid down these quotas to the various departments.

Mr. Bradley: No.

Mr. Knowles: The Minister of Public Works now tells the committee it is the treasury board that reviews the proposals made by the civil service commission, and that body has the final say as to these quotas.

Mr. Fournier (Hull): Certainly.

Mr. Knowles: Then it is a proper matter to discuss on the floor of this house if the decision is made by the treasury board, which consists of five or six ministers who are in this house. It becomes more evident it is a matter of government policy, and I believe we are more than justified in pleading from the floor of this house for an increase in those quotas.

Mr. Fournier (Hull): I am not telling the hon. gentleman he is wrong in pleading that the number of permanents be increased and the number of temporaries decreased. I am not speaking about that. I am trying to give the procedure which is followed.

Mr. Knowles: You have done very well.

Mr. Fournier (Hull): During this discussion certain things have been said that are not in accordance with the facts. It has been said that these temporaries lose their right to superannuation. If one considers the prevailing rates employees, and there are a number of them in my own department, if they are veterans who have been employed in the department for two years, they are entitled to make a contribution to the superannuation fund. If I am not mistaken those who are not veterans have a right, on the recommendation of the department, to make a contribution after five years' service, and they are entitled to superannuation at sixty-five.

I am told that what I have just said would not apply to temporary employees. I am informed that there is a deduction of five per cent from the salary of temporary employees for savings purposes—

Mr. Lennard: Is that for unemployment insurance?

Mr. Fournier (Hull): Part of it is, but when they leave the service that money is returned to them with interest at the rate of four per cent.

Mr. Knowles: Could we be told which department has the lowest quota of permanents and which department has the highest?

Mr. Fournier (Hull): The quota may differ as between different branches of the same department.

Mr. Knowles: The minister has told us that these quotas vary from branch to branch and department to department, but some of that information should be available to us. Among civil servants this is a rather sore point. After all, as members of parliament, surely it is within our province to be concerned about the morale of civil servants, and this quota system is one of the things that affect morale.

Mr. McCann: There is always a good defence for every action of the government. My hon. friends of the C.C.F. who, if they could, would have a socialist state in this country, would proceed along the line that everyone who works for the government should be on a permanent basis. The hon. member has asked something about the quota system and I will give him an example by referring to the Department of National Revenue.

The quota of permanents for that department is quite low at the moment, approximately 40 per cent. There is a reason for that. On the taxation side there were as many as 11,600 employees in the department because of the backlog of business that had accumulated during the war years. That backlog of business will be accomplished by the end of this fiscal year and we can carry on exactly the same duties that we are doing now with probably two-thirds of that number or at least with about 75 per cent. I ask hon. members this question, as a matter of good business. Would it have been good business to have all of these employees permanent when we knew absolutely that within two or three years we would carry on the business of that department with 8,000 people instead of 12,000 people? From the point of view of economy and of saving the taxpayers' money, it would have been sheer folly to give those people the idea that at some time or other they would be permanent officials. On the other hand, it is the only means whereby there can be some latitude in weeding out.

All people who work for the government are not of the highest calibre, although in general they are. People who are in private business or in industry have a perfect right to dismiss employees if they are not giving competent service. But once somebody gets into a government department, is in a permanent position, and has become a permanent employee, you are hamstrung and you are tied right there if you try to promote efficiency in the department, because he is in there feeling that he has a comfortable seat for the rest of his life.

Mr. Stewart (Winnipeg North): Does the minister mean that his permanent employees are inefficient?

Some hon. Members: No.

Mr. McCann: No, I do not. I think that all of my permanent employees are highly efficient.

Mr. Stewart (Winnipeg North): Why should that not happen with the others?

Mr. McCann: But there would be no use in giving those who are not permanent employees the inducement that because they had gotten into the department, they could become permanent employees just because they were there. There is not the need for them. As between one department of government and another, if some people are supernumerary, they are transferred. We make a request to the civil service commission to transfer them to another department where there will be work for them. The point I want to make is that from the point of view both of economy and of efficiency it is not in the best interest of the government to have 100 per cent permanency in any department.

Mr. Stuart (Charlotte): Will the minister tell me if they have any difficulty in getting applicants for those various jobs in his department?

Mr. McCann: No, not the slightest difficulty.

The Deputy Chairman: Order. I know the readiness of the Minister of National Revenue to answer questions, but I must tell the committee that we are now considering the estimates of the Secretary of State.

Mr. McCann: That is all right. I am speaking as a private member with reference to this particular appropriation.

Mr. Hatfield: I should like to ask the Minister of National Revenue how many permanent employees and how many temporary employees are in the customs and excise department.

The Deputy Chairman: Order. Perhaps I did not make myself clear. I think that some hon. members did not understand quite clearly what I said a moment ago. The Minister of National Revenue intervened in this discussion merely to point out what was temporary employment by the civil service commission, by giving an example within his knowledge in his own department.

Mr. Green: He butted in.

The Deputy Chairman: After he sat down, the hon. member for Charlotte asked a question with reference to the employees in his own department. At that moment I intervened and said that I must stop the discussion and remind the committee that we were now dealing with the estimates of the Secretary of State's department. All hon. members from now on should direct their questions to the Secretary of State. I understand that later on the estimates of the other ministers will be presented, at which time questions may be asked of them.

Mr. Hatfield: How many temporary and how many permanent employees are there in the department of customs and excise?

Mr. Bradley: There are 7,800 temporary employees and 9,000 permanent employees.

Mr. McCann: No, that is wrong too; that is the two departments.

Mr. Bradley: No! There are 5,800 of each.

Mr. Stewart (Winnipeg North): Which is the right answer?

Mr. Bradley: The latter.

Mr. Hatfield: What is the right answer?

Mr. Green: Nobody knows.

Mr. Gillis: Mr. Chairman—

Mr. Green: Wait till the hon. member for Victoria-Carleton gets an answer.

Mr. Gillis: I have been waiting.

Mr. Green: Wait some more.

Mr. Gillis: I can do a little bit of talking for entertainment purposes.

Mr. Fraser: No, we want an answer.

The Deputy Chairman: Order. Has the Secretary of State completed his answer?

Mr. Bradley: Yes, Mr. Chairman; I said 5,800 of each.

The Deputy Chairman: The hon. member for Cape Breton South has the floor.

Mr. Gillis: Thank you, Mr. Chairman. I realize that perhaps it is unfair for us to ask the Secretary of State about this matter on this particular discussion; but I think it is a matter that has not been discussed enough in the House of Commons, at least during the period that I have been here.

During the war period it was necessary to extend the departments of government, to organize new ones and to take pretty much what you could get. But I think the time has arrived when this matter of civil servants, how they are employed and what their terms of employment are is one for the House of Commons to give serious consideration to.

I know that the methods of employing civil servants through the civil service commission outside the House of Commons and in a large part of the country leave much to be desired, and that the commission is not considered to be the impartial body that it is supposed to be. The Minister of Public Works, who is not here at the present time, undertook to answer for the Secretary of State; and in my opinion he made a worse job of it than would have been made if he had left the Secretary of State alone. The Secretary of State was not doing so badly. He at least was careful in his answers. But his adviser, when he took over, laid great stress on the fact that the civil service commission did the employing, that the civil service commission set the quotas, and that the civil service commission was all-supreme. Then in the next breath he said that the civil service commission had nothing to do with it, that treasury board is supreme, and that in the final analysis "we five men make the decision".

An. hon. Member: Six.

Mr. Gillis: Five and himself. The civil service commission, I believe, employs approximately 122,000 people. Of those, 40,000 have been employed in some capacity in the government service under the commission for the last ten years. They go back in their employment previous to the war. So the Minister of Public Works cannot write that situation off by saying that, with the veterans coming back, preference had to be retained for them. That 40,000 were employed previous to the war, and they are still temporaries. They cannot become permanent until the treasury board says so. The chiefs of the departments who work with the personnel who are taken in under the terms of the commission know the qualifications of these employees. Why should the final say in determining whether they are essential and should be permanent or not rest with six men who have nothing to do with most of them? That is something which should be corrected. The Minister of Public Works made it quite clear that not for reasons of efficiency but for reasons of economy they say they are not needed, whether departments are crippled or otherwise.

While the Secretary of State indicates that there are some 40,000 temporaries, many instances will be found of people who are only six months, and sometimes less than that, employees of the department under the civil service commission and who are made permanent at very good salaries, while those who are performing essential services drag along for over ten years and never become permanent.

I agree with the Minister of National Revenue that, no matter whether they are designated as permanent or not, if they are not fulfilling the duties of the position that they occupy and there is reason to dismiss them, the fact that they are permanent employees should not interfere with it. I have no hesitation in saying that nobody should be put on a job and be told that he is going to stay there permanently, and because he is a permanent employee he can sit around and do nothing. I do not think it is fair to anyone who has supervision over a department. A certain amount of work has to be performed. The probationary period of an employee should not be longer than a year. The chief of a department and the head of the civil service commission should know in a year whether an employee is good, bad or indifferent. If he measures up and performs his duties he should be made permanent after a year's employment. They should not go along for a longer period than that. The fact that an employee is permanent should not preclude his dismissal if there is cause for it.

The permanent employee who has more security is a much better employee than a person who is sitting around for ten years in an insecure position, not knowing where he fits in. That employee is not much good. I am just a human being, and if I were in that position I would be watching for a better position than the one that I occupied. I would be looking for the time when I would have to get out. There is something wrong with a job or with a person who drags along for ten years and is not entitled to the rights and privileges that are given to other employees in the organization.

We have to do a lot more talking about this kind of thing. Government in Canada is becoming quite a large organization. I have always looked on this House of Commons as a trades union of the civil servants who are employed under the regulations laid down by this house. We are the people who should be protecting them. We make these laws. We should not leave it to any six-man board to have the final say on the future of thousands of people who are rendering essential service in this country; and we should not be keeping

them in the insecure position in which they are today, without the provisions of the superannuation allowance. That is all I have to say on the subject tonight. In the future we are going to have a lot more to say about it. I just wanted to say this because I think the Minister of Public Works did not do as good a job as he thought he did. I am sorry he left the chamber.

Mr. Stewart (Winnipeg North): I am not sure whether a certain private member intervened in this debate as a cabinet minister or whether the cabinet minister intervened as a private member, but I think he succeeded in helping to add to the confusion. He conveyed to me the impression that forty per cent of the employees of his department were on the permanent list; whereas the Secretary of State when he answered the question—I am not sure whether I have the right percentage—gave me a percentage of fifty. The only way to clear up this difficulty and have everything crystal clear is to have the Secretary of State give parliament the quota for every department of government.

Mr. Bradley: I do not know whether the hon. gentleman wishes me to read this, but there are six pages of it. For instance, in the Department of Agriculture, under departmental administration, the quota is 85 per cent; publicity extension, 80 per cent; advisory committee, marketing services, administration, 85 per cent; economics and dairying, 70 per cent. I do not know whether the hon. member wishes me to read all these.

Mr. Stewart (Winnipeg North): I should like to get the information that is available.

Mr. Bradley: Does the hon. member want me to read it, or will he look it over himself?

Some hon. Members: Put it on *Hansard.*

Mr. Bradley: I will read the whole thing.

Mr. Lennard: No, take it as read.

The Deputy Chairman: I presume the hon. member has heard the minister say that the document covers six pages.

Mr. Fraser: Put it on *Hansard.*

Mr. Stewart (Winnipeg North): I have no objection to its being placed on *Hansard,* for I think the information should be made public.

Mr. Bradley: I will put it on *Hansard.*

The Deputy Chairman: Would it be agreeable to the committee to have the document placed on *Hansard*?

Some hon. Members: Agreed.

Mr. Bradley: The document follows:

[Mr. Gillis.]

Quota of permanencies allowable in various departments

Department and unit	Quota—Per cent
Agriculture—	
Departmental administration	85
Publicity and extension	80
Advisory committee	
Marketing service	
Administration	85
Economics and dairying	70
Fruit and vegetables	50
Livestock and poultry	80
Marketing	
Production service	
Administration	85
Health of animals	
Veterinary officers	80
Other staff	80
Livestock and poultry	80
Plant inspection	70
Plant products	80
Experimental farms	
Administration	85
Central farm	40
Branch farms	35
Science service	
Administration	85
All other units	70
Archives	85
Auditor General—	
General administration	90
Canadian Maritime Commission	85
Civil Service Commission	55
Chief Electoral Officer	Exempt
External Affairs—	
Administration and passport office	80
Finance—	
Administration	85
Comptroller of treasury	85
Farmers Creditors Arrangement Act	Exempt
Mint and assay office	80
Tariff board	Exempt
International Joint Commission	90
Fisheries—	
Administration, engineering and publicity and extension	85
Promotion and inspection	50
Fish inspectors	20
Salt fish board and fisheries research board	Exempt
Fish culture	45
Insurance	Exempt
Justice—	
Administration	85
Supreme court	95
Exchequer court	95
Clemency	80
Penitentiaries headquarters	85
Penitentiaries	80
Labour—	
Administration	85
All other units	80
Mines and Resources—	
Varying—50, 55, 65, 70, 75, 80 and 85	

Quota of permanencies allowable in various departments—Con.

Department and unit	Quota—Per cent
National Defence—	
Administration	50
	except
Inspection board	20
Navy	20
Army	20
	except
Royal military and national defence colleges	50
Air	20
Defence research board—	
Officers—Up to 50 per cent of the total number, whose employment is authorized by the Table of Organization, to a maximum of 154 officers.	
Employees—Up to 50 per cent of the total number, whose employment is authorized by the Table of Organization, to a maximum of 524 employees.	
National Health and Welfare—	
All branches	80
Indian health services	30
Family allowances	60
Quarantine, immigration medical and sick mariners' division	65
National Revenue (Customs and Excise)—	
(Except ports, outports and preventive stations)	85
(Ports, outports and preventive stations)	90
National Revenue (Taxation)—	
6,500 employees	
Public Works—	
Administration	85
Architects—Administration	80
Architects—Outside	50
Chief engineer's administration	80
Chief engineer's branch—Outside	50
National Research Council	50
Office of the Secretary to the Governor General	Exempt
Post Office	80
	except
Executive	85
Revenue post offices	Exempt
District offices	90
Railway mail service—Operating	Exempt
Public Printing and Stationery	80
	except
Administration	90
Privy Council	85
Air Transport Board	80
Royal Canadian Mounted Police	80
Secretary of State	80
	except
Administration and Bureau for Translations	85
Trade and Commerce—	
Administration	85
Other units	80
	except
Exhibitions	65
Elevators	50
Dominion Bureau of Statistics	60
Board of Grain Commissioners—	
Administration and laboratory	80
Inspection and weighing	70

Quota of permanencies allowable in various departments—Con.

Department and unit	Quota—Per cent
Transport—	
Administration	85
Air services—Administration and radio	85
Civil aviation	60
Meteorological services	80
Other branches of air services	80
Canals—Administration	85
Quebec and other canals	80
Marine services—Administration	85
Floating equipment—Administration	80
Examiners of masters and mates	80
Nautical and miscellaneous services	80
Pilotage	60
Aids to navigation—Administration	80
Operation	35
Steamship inspection	80
St. Lawrence ship channel	20
Signal service	80
Agencies	80
Railway service—Operation of official cars	80
Government employees' compensation	80
Telegraphs—Administration	80
Outside	40
Board of Transport Commissioners—	
Administration	85
Other branches	80
Unemployment Insurance Commission—	
Headquarters	85
Outside	80
Veterans Affairs—	
No quota pending stabilization	
Veterans Land Act	80
	except
Administration	85
Travel Bureau	70

The Deputy Chairman: Shall the item carry?

Mr. Brooks: There is another matter in connection with superannuation in the civil service that I wish to say a few words about. The superannuation act was amended in 1947 in order to make provision for the superannuation of veterans. A return which I received a short time ago indicates that very few veterans are taking advantage of the Civil Service Superannuation Act. I asked the department how many active service veterans of world war I, who were not in the civil service prior to enlistment, but who had subsequently joined the civil service, applied for superannuation benefits under the superannuation act. This is the information I received. In the Department of Agriculture there were 423 veterans who joined that department after returning from overseas. Of that number only 53 have taken advantage of the superannuation act. I will not give all the departments. In the comptroller of the treasury branch there were 231 in that category. Seventy-three applied to take advantage of the act. In the fisheries department there were 70 and only seven are taking advantage of the superannuation act. In the penitentiaries commission there were 257

returned men and only 43 are taking advantage of the act. I could go all through the different departments. They all indicate about the same percentage. This must surely indicate to the minister that the section of the act which was passed for the benefit of veterans is not really doing for them what it was intended to do.

Is there any intention to amend this act so that it will benefit the veterans, as I am sure the intention was. The chief reason why these men are not taking advantage of the act is that it is costing them far more for their annuity than they should pay. For instance, the act provides that during the time they were overseas they contribute not only their own assessment but the assessment which the government would have to pay. Besides that they have to pay four per cent interest on all that contribution over a long period of years. Many of these men did not join the government service for five, ten or fifteen years after they left the service and the result in many cases is that they are paying $1,000 or more above what they should have to pay to provide for the annuity which the act is supposed to give them. I should like to ask the Secretary of State if this matter has been called to his attention and if it is intended to make proper provision for these cases.

Mr. Bradley: The matter has not been called to my attention. This concerns the superannuation act and would be a matter for the Department of Finance.

Mr. McLure: The details show that there are 171 permanent employees of the civil service commission who receive $495,915. How many temporary employees are there and what salaries do they receive?

Mr. Bradley: At Ottawa there are 493 and in the field there are 77.

Mr. McLure: The details show the number of permanents as 171.

Mr. Bradley: One hundred and eighty-eight are permanent and 382 are temporary.

Mr. Charlton: The figure given on page 122 is 171.

Mr. Bradley: Changes have been made since the estimates were prepared some months ago.

Mr. McLure: Has the head of a department the right to make a temporary employee a permanent employee? The other day I had occasion to go to a department where there were three or four temporary employees who had been employed for four or five years and who were anxious to become permanent. The head of the department told me that it was his prerogative to make those people permanent. I asked him how that would be done and he told me it would be by recommendation to the civil service commission. He told me that it would then go to the treasury board. That is taking the right away from a commission and giving it to government patronage.

Mr. Fournier (Hull): Nonsense.

Mr. McLure: If the treasury board makes the final ruling, then that ruling is being made by politicians at the top and not by the commission. If it is made by the head of the department, nine times out of ten he is a political appointee and he would make his recommendation on that basis.

Mr. Bradley: The head of the department may make a recommendation and then the civil service decides on the appointment provided that it is within the quota set by the treasury board.

Item agreed to.

Public printing and stationery—

320. Departmental administration, $60,000.

Mr. Knowles: I am glad the king's printer is in front of the Secretary of State in case he is needed to answer some questions I should like to ask. I understand it has been a practice at the printing bureau, for as long a time as some people can remember, to pay overtime at the rate of time and a half for the first three hours after the regular quitting time and double time after that. If an employee of the printing bureau is called in earlier than the usual time at which he goes to work, that is paid for at double time. The statement I have made as to payment of time and a half for the first three hours after the regular quitting time and double time after that is substantiated by sessional paper 106C which was tabled on April 4, 1949.

My information is that some changes have been made in connection with this matter, or shall I be extremely cautious and say that at the present time there is great uncertainty about the payment for overtime to employees at the printing bureau. It appears that there are a couple of orders in council which may have some bearing on the matter. One is order in council P.C. 1/4646 of September 13, 1949, and the other is order in council P.C. 4840 of September 20, 1949. The first of these orders in council relates to employees at the printing bureau while the second is of general application to prevailing rates employees.

It seems that as a result of these two orders in council certain changes have been made at the printing bureau with regard to overtime rates of pay. As I say, the long-established practice is that the overtime rate began, to

quote the language of sessional paper 106C of April 4, 1949, "after the regular quitting time". Whenever that regular quitting time was over, if employees were asked to work another hour or two or three they were to be paid at overtime rates. Apparently as a result of these orders in council it is now the case that, if a man for any reason is not there to start work at the regular time of commencement, he has to work that night or after the regular quitting time, the amount of time that he was late before the overtime rates begin. May I say at the moment I am not arguing the pros or cons of the case. I do not think I need to. I am simply pointing out that a change has been made, and it was made without consulting the employees concerned.

Another point that has been drawn to my attention is that there has also been a change with respect to the rate of pay when employees are called in ahead of time. I understand it has been the custom through the years that, if it were necessary to ask a printer at the bureau to come in ahead of time, perchance because *Hansard* gets thicker with these all-day sessions, he was to be paid double time for that previous time. I am told they are now being called in ahead of time and are being asked to work any previous hours for straight time.

I have made these remarks in the form of statements. I could have put them in question form, but these are the points that have been drawn to my attention. I believe they are correct. At least there is uncertainty about them, right at this very time. If I am wrong the Secretary of State can get the information from the king's printer and correct me. If I am right it seems to me that the matter should be given consideration. It is not conducive to the best morale amongst working forces to change long established conditions and customs, particularly when they relate to the rate of pay.

Another point concerning which there is dissatisfaction amongst the employees at the printing bureau has to do with the differential between the day rate and the night rate. Some hon. members may recall that I put quite a lengthy table on *Hansard* last spring having to do with this matter and pointing to the discrepancies between the rates of pay at the government printing bureau and at printing offices in Ottawa, Toronto and Montreal. I may say the reason I name these cities is because the Public Printing and Stationery Act names Ottawa, Toronto and Montreal as a standard for rates at the printing bureau.

As I pointed out when I put these figures on *Hansard* before, employees at the printing bureau get a little less than is the case in each of these three cities. From time to time under the general practice having to do with prevailing rates employees, the rates have been increased, but there has always been a time lag. Last April, however, a welcome increase came through, but since then there has been a change made in the differential between day and night employees. I believe the previous plan was in existence for a long time. Evidence of the old plan was given in the sessional paper to which I have referred and which was tabled on April 4, 1949. It said that the rate for night work was 25 per cent over the day rate. As I say, that 25 per cent differential has obtained for a good many years. Just recently it has been reduced to 15 per cent. One of the reasons which has been indicated to the employees at the printing bureau for the reduction from 25 per cent to 15 per cent is that 15 per cent is the differential in effect at the printing shop in the patent record office. The answer to that is that over the years it has been recognized, and I may say recognized by the printers in the patent record office as well, that the strain of the work at the printing bureau, particularly during the months when the House of Commons is in session, is such that night work well deserves the 25 per cent differential.

I have done it before, and so have other members, but I think that again we should pay tribute to the efficiency of the printing bureau. Some of the things I am saying may indicate that I am a little bit critical of the king's printer himself because he is the administrative head of the bureau, but I want to include him with all of the employees. I want to say that they do a mighty good job especially when we consider that after these all-day sessions of the house we have the complete *Hansard* delivered to us next morning together with all the other documents we require. I wish *Hansard* could record the applause being given my remarks because it means that my statement meets with the approval of members generally.

May I suggest that working at the printing bureau these nights is a pretty tough racket, and that the 25 per cent differential is more than deserved. I should like to hear some explanation as to why it was reduced to 15 per cent, and I hope that it can be restored.

There are one or two other things that are also of concern. I may have to come back to them later but I shall mention them now. One is the feeling on the part of the employees at the printing bureau that the forty hour week should be instituted without delay. I know that at times when printers have asked for a forty hour week, and other trade

union workers for that matter, employers have said: All you want is to reduce the number of hours you work regularly so that you can start drawing overtime sooner. Workers in a good many trades, and particularly in the printing trade, have demonstrated across the country that when they ask for a forty hour week it is not for the reason that I have just mentioned. They want a shorter work week so that life may consist of something else than their daily toil. I hope that the government may give a lead in this matter, and the printing bureau would be a good place to start; and soon, I hope.

I understand that some of these grievances about which I have been speaking are issues right at the present time, perchance tonight, over at the printing bureau, while we are discussing them here. I feel it is unfortunate that these labour-management relationships in a plant that belongs to the people of Canada should be handled, as they have been to a large extent, by order in council. That is not the best way to achieve the best in labour-management relations, and it is because it has been done that way, because there is this dissatisfaction at the bureau, that I feel it is necessary to raise these matters tonight. The forty hour week and the labour-management relationship are extremely important but perhaps they are more or less of a long run nature. The immediate sore spots are the uncertainty as to when overtime rates of pay start, and the reduction in the night differential from 25 per cent to 15 per cent. I would be most happy if the Secretary of State could answer these points satisfactorily.

Mr. Bradley: I do not know whether or not I can answer them satisfactorily, but I can attempt to answer them. The hon. member is quite correct on the question of overtime. An employee is supposed to put in his day's work before his overtime begins. If he stays away from work in the morning for an hour or two hours, as the case may be, the rule is he must put in his time that day before his overtime begins. If he is called in ahead of time he gets his overtime that much earlier in the day. As to the night differential, it is quite true that formerly it was 25 per cent, but I understand that in ordinary trade circles it is only 15 per cent, and it has been reduced in accordance with prevailing rates. The question of the forty-hour week is under consideration at the present time, but at the moment I understand that efforts are being made to readjust wages in both Toronto and Montreal, and we are awaiting the result of those negotiations. Then I think we shall be in a position to make a move in the matter.

[Mr. Knowles.]

Mr. Knowles: The minister says my statement with respect to what is now being done in regard to the time that overtime rates begin is correct. I am sorry to hear that. I had hoped he would say there was uncertainty which was being cleared up. May I ask if I am correct in saying that a change has been made; in other words that formerly overtime started, as was indicated in the sessional paper tabled in the spring of this year, after regular quitting time? Is it the case that formerly the hour a man worked by being called in early was paid for at double time?

Mr. Bradley: That is correct. The change was made under order in council P.C. 1/4646.

Mr. Knowles: Was the matter discussed with the employees at all before the change was made?

Mr. Bradley: I should say also that in this order there is no specific quitting time or starting time.

Mr. Knowles: Would the minister answer my question as to whether or not this matter was discussed with the employees before the change was made? After all, it is a change to the detriment of the position of the employees.

Mr. Bradley: As far as I know the answer is no.

Mr. Knowles: Well, Mr. Chairman, about all I can say is that this is hardly the way to bring about the best of labour-management relations. Despite the fact that now, across the floor, the Secretary of State is not in a position to meet the points I have raised, I hope the fact that I have raised them in public will mean that they will be given more serious consideration.

Mr. McLure: Is all the government printing done at the printing bureau?

Mr. Bradley: No.

Mr. McLure: Is most of it farmed out? If so, could I have the names of some of the larger concerns to which it is farmed out? How far east do they go, and how far west?

Mr. Bradley: I understand that, as the hon. member says, most of the printing is farmed out. I do not know whether I can give him any names. One of the things farmed out was the annual report of the department, which is not printed yet though it has been in the hands of the printing branch since the beginning of the session. Owing to lack of equipment and staff I very much doubt whether it will be printed before the end of the session. The total amount spent by this department to meet the requirements of parliament and of the departments of government was $7,811,000, including the cost of

paper. The amount spent in 1948 for parliament and the departments of government will be found on page 24 of the annual report.

Mr. Lennard: What proportion of that is farmed out?

Mr. Bradley: Of the $7 million?

Mr. Lennard: Yes.

Mr. Bradley: The outside printing amounted to $3,060,214.74, not including paper stock.

Mr. Brooks: What firms did the printing?

Mr. Bradley: I have here a sheet from the public accounts showing the names and the amounts farmed out to each firm where the amount was over $10,000.

Mr. Fournier (Hull): On what page of the public accounts?

Mr. Bradley: Page U-7.

Mr. Knowles: I should like to offer one other suggestion to the Secretary of State. I feel that he is not taking as seriously as he should the grievances of these very faithful employees of ours over at the printing bureau. If nothing else can be done to meet their requirements I would suggest that some time —as far as I am concerned it could yet be done this session, but if not certainly it could be done next session—the matter of working conditions at the printing bureau be referred to the standing committee of this house on the printing of parliament. I am not in the position the leader of the opposition was in the other day of having to ask that a committee be set up. That committee is in existence. It meets only about once a year to do a routine job. I am not suggesting that this should be done every year, although that might be a good plan. But certainly once in a while it would be a good idea to have this question referred to that committee, before which might be called the king's printer and members of his administrative staff, together with representatives of the employees.

I am not asking the minister to answer that suggestion tonight. I was glad to note that he nodded his head as I was speaking, but I do not suppose that that commits him firmly to the proposition. In all seriousness, however, I do ask that thought be given the suggestion. I am sure it would be a good idea, and I believe it would help relieve some of the tension that now exists if the matter of working conditions at the bureau could be referred to that committee.

Item agreed to.

322. *Canada Gazette*, $130,000.

Mr. Cardiff: What is the reason for the increase in this item? I see that in 1948-49 the amount required was $94,980, and there is an increase of $35,020 this year.

Mr. Pouliot: This is an item of expenditure and does not give us any idea of the revenue of the department for the past year, which is in another book. All the cheques for the payment of notices appearing in the *Canada Gazette* are made payable to the Receiver General of Canada. It is only the expenditures that are shown, therefore, and the revenue is not. This leads to inevitable misunderstandings, as my hon. friend can easily appreciate.

Mr. Bradley: Mr. Chairman, the increase is caused by reason of the fact that the Gazette has been divided into two parts. Part I is now the general Gazette, and part II consists of the statutory orders and regulations.

Mr. Fraser: It would not be due to the fact there are more orders in council?

Mr. Bradley: It might be.

Mr. McLure: What is the revenue from the *Canada Gazette*? It has a circulation.

Mr. Bradley: For the year 1948-49, there was a deficit of $34,844.

Item agreed to.

324. Distribution of official documents, $95,000.

Mr. Charlton: Last night the Secretary of State told us there were approximately 150,000 booklets printed for his department. Was it not the king's printer who printed those booklets?

Mr. Bradley: Those were printed by the bureau and paid for by the department.

Mr. Charlton: Approximately $70,000 was spent on that particular item, and if the total income of the printing bureau was only half that amount—

Mr. Bradley: I did not say that. I said that the deficit of the department was $34,000.

Mr. Lennard: Then that was not an answer to the question. The question asked by the hon. gentleman was as to the amount of revenue derived from the *Canada Gazette*.

Mr. Bradley: The revenue from subscriptions was $27,570, and from advertising $59,943.25.

Mr. Lennard: What was the cost of printing and distribution?

Mr. Bradley: The printing and binding cost $97,615.07, while editing and translating cost $9,870.

Mr. Knight: I should like to ask the minister who pays for the printing of the voluminous divorce evidence the members receive. There are only two sources from which payment could be made, either out of public funds or out of the fees that are paid by the principals in those cases. I believe that in either case it is a waste of someone's money. I suppose it is logical and correct from the point of view, I was going to say of history, that some printed record of the evidence in these cases should be available, but I do not understand why copies should be sent to every member.

I do not know of any member who ever looks at one of these reports. Personally, I throw the package in the waste paper basket unopened. If someone is interested in a particular case, I suppose he should be able to send for printed copies of the evidence, but I know of no occasion during the five years I have been here upon which I would have sent for such a copy. It seems to me a waste of someone's money. I should like to know whether it comes out of public funds or whether it is paid for out of the fee that is charged the applicant.

Mr. Bradley: Mr. Chairman, the hon. gentleman is referring, I presume, to the copies of the *Canada Gazette* which are supplied the members of parliament.

Mr. Knight: No; there are such things as printed copies of the divorce evidence which are sent to our rooms.

Mr. Bradley: Those matters are ordered printed by the house and are paid for by it.

Mr. Knight: The expense of printing that evidence comes out of the public revenue of this country?

Mr. Knowles: Can the minister tell us the cost per year for printing this divorce evidence?

Mr. Bradley: I have not the figures, Mr. Chairman, and of course it changes from year to year.

Mr. Knight: Can the minister obtain the figures for the last year in which the figures are complete?

Mr. Bradley: I believe it would be possible to obtain the information, Mr. Chairman, although it is not here.

Mr. Knight: Can the minister obtain it? Is it obtainable?

Mr. Bradley: I believe we can get it.

Mr. Knight: Will the minister produce it?

Mr. Bradley: I shall do the best I can.

[Mr. Bradley.]

Mr. Knight: Thank you. Before I resume my seat, I should like to repeat that if the cost is met out of public funds, then I consider it a waste of public money.

Item agreed to.

The Deputy Chairman: The last item is item 854 which may be found in the further supplementary estimates at page 11.

854. Plant equipment and replacements—further amount required, $327,500.

Mr. Knowles: Can the Secretary of State tell us how much of this item is for equipment? On page 37 of the supplementary estimates, I notice the item is broken down into equipment and supplies. Is some of this for new equipment at the printing bureau, and if so what is the nature of the new equipment?

Mr. Bradley: During the war years—and the conditions of the war years exist in a limited way today—it was not possible to purchase new equipment, with the result that much of the machinery of the department has deteriorated to an extent that its replacement is necessary.

Additionally, new production methods, particularly with respect to press work, are being adopted and the absorption of the Victoria island plant and the establishment of the patent printing service have necessitated the purchase of new machinery.

I do not know whether the committee want me to read all the details, but for the offset section for the Victoria island plant the total is $89,501.10. Then there is the duplicating pool in the same place; the cost is estimated at $9,481.50. Then there is the patent printing plant; the cost amounts to $3,186.50 In the printing bureau proper, there is quite a list of articles, the total of which amounts to $194,149.41.

Mr. Knowles: Mainly presses, I take it?

Mr. Bradley: There are various machines; quite frankly, I do not know what some of them are.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

172. Departmental administration, $365,500.

Mr. Drew: Before dealing with any of the items in particular, there is one subject that I should like to mention at this point. I will explain to the Minister of Mines and Resources that, in doing so, I am presenting these views at this time instead of waiting until the appropriate item comes forward; and because of the fact that any statements that may be made with regard to the different distinct

subjects that come under the Department of Mines and Resources can be dealt with as each of those headings arises, I would defer any other remarks until those come up in that way.

At this point I should like to speak about the situation which we have today in this country in regard to a large number of our people, namely the Indian population. It seems to me that there is a mistaken impression that the Indian population in our country is steadily decreasing and that, with the passing of the years, the number will become less and less. That is not so. There was a decided drop in the Indian population of this country, from the figure of approximately 200,000 at the time the country began to be settled. As the Indian population, which had been living in the open air, came in contact with the diseases of the white man as well as with the advances brought by the white man, there was in consequence a substantial loss of population in certain areas. Because of the extension of health measures, improvement in the understanding of nutrition and the availability of a better type of food in some cases, the population is now steadily increasing. That is clearly demonstrated by the last accurate census figures of the Indian population of this country taken in 1944, as compared with the figures of ten years before that. In 1934 there were 112,510 Indians, according to the census taken that year of the Indian population. In 1944 there were 125,686, an increase of 11·7 per cent. The estimate of population growth is being maintained on that basis.

This is a substantial number of people living in Canada belonging to a race who were here before the white man came. With the constant increase of health services, the ever-increasing availability of good clothing and good food, and the readier communication with hospitals and other facilities of that kind, it would seem that we may still see a rapid increase in this already substantial population.

There is no use in saying what should have been done at any time in the past. The past is gone. I suggest that the time is overdue for us to find a way of bringing into full citizenship within Canada these people who have demonstrated, by certain individual examples of achievement, that given the right type of education they will make as fine citizens as there are in this country. When I make that rather sweeping observation, I am making no loose statement. My own contact with the Indian population of this country has covered a fairly wide area from the Atlantic to the Pacific. I have seen them not only in my own native province of Ontario, in which I had certain responsibilities in regard to educational facilities that were afforded, but I have seen them right across Canada. I have seen them in the sub-Arctic where the most northerly tribes are to be found. Wherever you meet the Indian population you find striking evidence of the fact that, given education and the opportunity to use that education, and given the surroundings in which they are able fully to associate themselves as citizens in our communities, they are under no natural disadvantage which in any way limits the possibility that they can take their full place wherever they may live. In my native province I have known doctors, lawyers and businessmen of full Indian blood who have made a great success of what they had undertaken. One of the most highly regarded magistrates in Ontario today is an Indian of pure blood who saw service in two world wars and who served as a brigadier in the last war with a very fine record.

I simply offer these individual examples, which include names like that of Dr. Oronoteki of Toronto, a very well-known and famous doctor there in the early part of the century, and other men like him, to demonstrate that we have a responsibility to extend the full opportunity for citizenship which has not been accorded to these men and women with their proud traditions and with their background, which is so closely a part of the whole development of our country.

It is not something that can be done rashly; it is not something that can be done in an unplanned way, because the very type of training that has been given does unquestionably impose some limitations upon some part of that substantial population. But I do not think we can begin too soon to make sure that every young boy and girl of Indian blood in Canada is given the same education as any other person in our country. At a time when we are thinking so much of the full equality of every human being within this and other countries, it cannot be a source of satisfaction to us that today some 130,000 of our people are under limitations which make it very difficult for many of them to accept their full share within our social and economic structure.

The problem is very largely one of education. Education is exclusively under the provincial governments, but it is essential that there be something more than education simply from the academic point of view. The education must be given in surroundings which suggest no limitation afterwards upon the full employment of such advantages as each pupil may obtain from the education he

receives, because they must feel while they are being educated that they can employ to the full that education in their contacts and in their lifework afterwards. For that reason I would strongly urge that at the earliest possible moment either a parliamentary committee or a royal commission be appointed to examine this whole problem and to recommend a course which may be followed in cooperation with the agencies of the dominion and the provincial governments which would have some share in tackling this great problem.

I mention a royal commission as an alternative because I know that a parliamentary committee did sit for some time on this subject. It may be that certain difficulties were encountered which prevented a successful outcome of the discussions which took place before that committee. I do not pretend to know what happened, because I have not had an opportunity of personally inquiring as to just what did take place. If for any reason it was found that the parliamentary committee was not the satisfactory procedure to deal with this subject, then I should think a royal commission, which would probably be composed of several commissioners embracing a knowledge of health, a knowledge of education and a special knowledge of Indian affairs, might well be set up to tackle this problem.

I do not want to add anything more on this point than to say that it is estimated we have approximately 130,000 Indians in Canada today. I do not think that any of us can feel entirely satisfied with the situation as it is. I think we have ample proof that given good education under circumstances that implant in the minds of the Indian youth a feeling of full opportunity in this country of ours they can succeed as well as anyone else. Therefore, through you, Mr. Chairman, I convey this suggestion to the minister, and urge that this subject be taken up in view of the evidence we now have that this population, far from diminishing, is steadily increasing, and that the sooner we tackle this problem the more certain we are of doing it before the difficulties have greatly increased the task that is before us.

Mr. Gibson (Hamilton West): Mr. Chairman, before we adjourn I should like to say that the Indian affairs committee did do splendid work. There was nothing in the work that has not been satisfactory. While we have not been able to implement all the recommendations of the committee, a great many of them have already been carried out and further consideration is being given to the others. I would not like any suggestion to go forth that the work of that committee had not been greatly appreciated and most satisfactory.

Mr. Drew: Without extending the time I would not want any impression left that I had been expressing a critical comment about the committee, because I said I was not aware of the details. Because of my own association with educational matters I was aware, however, of certain limitations under which the Indians of this country are carrying on at the present time.

The Deputy Chairman: Shall the resolution carry?

Some hon. Members: No.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): On page 7 of today's order paper four resolutions appear in the name of the Prime Minister concerning three new departments, namely, the Department of Resources and Development, the Department of Mines and Technical Surveys, the Department of Citizenship and Immigration and a fourth resolution concerning an amendment to the Salaries Act. We should like to proceed with these four resolutions as the first order of business tomorrow. I saw members of the different parties and they agreed that it would not be a very long debate. We may even discuss the three or them at the same time. Then there is another resolution to be found on page 6 of the order paper in the name of the Minister of Finance to amend section 7 of the Dominion-Provincial Tax Rental Agreements Act, 1947. Then we will go into committee on Bill No. 174 to amend the Pension Fund Societies Act. Then there is the second reading of Bill No. 143, to amend the Export and Import Permits Act. I understand that this is to extend the provisions of the act for another year. Then there is the second reading of Bill No. 133, respecting the application of a national trade mark to commodities and respecting the true description of commodities. When those bills have been dealt with we will go into committee of supply and try to take up the estimates of trade and commerce and mines and resources.

Mr. Stewart (Winnipeg North): In that order?

Mr. Fournier (Hull): Yes.

It being five minutes after eleven o'clock the house adjourned, without question put pursuant to standing order.

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

DEPARTMENT OF SECRETARY OF STATE

Office of the chief electoral officer—

49. Salaries and expenses of office, $39,668.

Civil service commission—

50. Salaries and contingencies of the commission, $1,379,143.

Public archives—

319. General administration and technical services, $176,393.

Public printing and stationery—

320. Departmental administration, $60,000.

321. Printing, binding and distributing the annual statutes, $30,000.

322. *Canada Gazette*, $130,000.

323. Plant equipment and replacements, $30,000.

324. Distribution of official documents, $95,000.

325. Printing and binding official publications for sale and distribution to departments and the public, $230,000.

409. Patent division, $488,805.

410. Copyright and industrial designs division, $15,985.

411. Patent record division, $55,200.

412. Contribution to the international office for the protection of industrial property, international copyright union office and union for the protection of literary and artistic works, $4,000.

711. Departmental administration—further amount required, $5,000.

Patent and copyright office—

712. Patent division—further amount required, $4,540.

Civil service commission—

765. Salaries and contingencies of the commission, including the chairman of the civil service commission and two civil service commissioners at $2,000 each, additional to chap. 53, statutes of 1947—further amount required, $36,000.

Public archives—

853. General administration and technical services—further amount required, $16,530.

Public printing and stationery—

854. Plant equipment and replacements—further amount required, $327,500.

896. Departmental administration—further amount required, $6,100.

General—

897. To provide for expenses in connection with the bibliographic centre (national library), $18,950.

APPENDIX

RENT CONTROL—CORRESPONDENCE WITH PREMIERS OF SASKATCHEWAN AND QUEBEC

MINISTER OF FINANCE

Ottawa, November 9, 1949

Honourable Maurice Duplessis,
Premier of Quebec,
Quebec City.

My dear Premier:

On October 23, 1948, I wrote to you about rent control, confirming the intention of the federal government to ask parliament for powers to extend rental control for a further twelve months beyond March 31, 1949.

In that letter I pointed out that:

"The constitutionality of continuing federal rent control has already been questioned and is now before the courts. The federal government does not wish to do anything to prevent any province from making provisions to deal with the situation that would arise should continuing federal rent control be held invalid and is prepared not only to make available to any province federal rental administration with all available staff, but also, subject to parliamentary approval, to pay the cost of any provincial rental administration for one year."

An exchange of correspondence then took place between us, but your government did not avail itself of our offer. Similarly, no other province requested us to vacate the field of rent control in its favour. Newfoundland, when it joined Canada, retained its own system of rent control.

Accordingly legislation extending rent control to March 31, 1950, was introduced into parliament and received approval.

On Thursday last, November 3, I made a statement in the House of Commons outlining the government's intentions with respect to the further extension of rent control. My statement will be found at page 1433 of *Hansard* for November 3.

In that statement I said:

"The government has therefore decided to refer the question of the validity of the rental regulations to the supreme court, in the hope and expectation that a decision will be given before the present legislation expires. As I have said, the law officers of the crown are of opinion that the rentals regulations are valid. They are also of opinion that both the law and the facts support the view that it lies within the authority of parliament to extend these regulations for a further period. Counsel will be instructed by the Attorney General of Canada to press this view before the court. The order in council making the reference is being prepared and when approved will be tabled in this house.

If no unfavourable decision is given, the government at the next session will ask parliament to grant a further extension of the rentals regulations. The government intends to continue with its program of orderly decontrol as rapidly as conditions warrant, but we do not believe that this program can be completed before March 31, 1950. Let me make it quite clear that the purpose of clarifying the legal position is not to perpetuate federal rent control. On the contrary, the purpose is to confirm our authority to proceed in an orderly way towards the eventual withdrawal of all controls. This has been our firm policy towards wartime controls in general and rent control is no exception.

Should the supreme court find that the rentals regulations are now beyond the powers of parliament, then of course a different situation arises. I am accordingly writing at once to the premiers of the provinces acquainting them with our intention and offering to assist in the preparation of what might be termed "stand-by" legislation if they wish to present such legislation to their respective legislatures.

After the most careful consideration of all the alternatives, the government believes that this course of action is the best. We believe that gradual and orderly decontrol is the right policy. At any time, however, that policy could be frustrated by an adverse decision of the courts. Such a decision might come at a most inconvenient time when the provinces might not be in a position to act as they see fit in the interests of their residents. By referring the question to the supreme court before the present legislation expires and by giving ample notice of our intention to do so, such a situation can, we hope, be avoided.

I should add that the federal government, of course, continues to stand ready at any time to vacate the field of rent control to any province which makes a formal request to that effect. We do not wish to stand in the way of any province which desires to operate in the field of rent control."

My purpose in writing to you at this time is to draw your attention to this statement of government policy and to offer to assist you in the preparation of provincial rent control legislation. If you wish to avail yourself of this offer, I shall be pleased to arrange to have Mr. Owen Lobley, the rentals administrator, put himself at your disposal.

Yours very truly,
D. C. Abbott

OFFICE OF THE PRIME MINISTER
Province of Quebec

Quebec, November 16, 1949

Hon. D. C. Abbott,
Minister of Finance,
Ottawa.

Mr. Minister of Finance:

At the first cabinet meeting held since November 10th instant, I communicated to my colleagues of the executive council your letter concerning federal rent control, dated November 9 and delivered at my office the next day.

Your letter obviously concerns only particular aspects of this important problem. We respect your attitude in the matter without approving it.

Our view is and has always been that rental matters, concerning civil property and our civil code, come under the exclusive jurisdiction of the provinces. We are certain that if the rights of the provinces in this matter had been recognized by the federal authorities the situation would have been considerably improved.

For more than eight years the federal authorities have assumed, in this field, powers of an essentially provincial nature. As a result, the situation has become very complicated, and many orders and rulings of the federal rental board have been unfortunate. We are of opinion that had the federal

authorities from the beginning consulted the provinces and recognized their rights in this field, we would not today have to deplore an unfortunate situation giving rise to numerous and legitimate protests and causing regrettable confusion.

For more than eight years federal bodies have, in that matter, caused many difficulties and disturbances which could and should have been avoided. After all the harm has been done, after the federal authorities have decided everything and the situation has been bungled and worsened, you say that the province may have some rights. As for us, we consider, as we always have, that these rights are unquestionable.

Eight years after entering a provincial field, you express the desire to submit to the supreme court the question of the constitutionality of the federal action and, at the same time, you anticipate the judgment of the supreme court and complicate the problem if possible still more.

It seems to us obvious that at the approach of winter, when householders are faced with the heavy expense of providing for the heating of their houses, and climatic conditions add considerably to the difficulties, the time is ill chosen to impose additional charges and obligations on the people.

Without any desire to criticize, but simply in order to re-establish the facts, we are of opinion that the central government's persistence in controlling rents has brought about a situation for which that government is undoubtedly responsible and which adds considerably to the inherent difficulties of the problem.

Ottawa has never offered to restore to us the full exercise of the rights which it has assumed in this field; the offers made to us in this matter are conditional, restrictive and, in the end, subordinate to the decision of the federal authorities.

As we declared on several occasions, the present government of the province of Quebec has always been willing to assume its obligations as it has always wished to see the federal government assume its own.

During eight years many federal orders in council have been passed and many rulings issued concerning rental control. All those documents are in the possession of the Ottawa authorities. In our view, it would be proper that we be permitted to make ourselves acquainted with their terms so that we might obtain at first hand the necessary explanations and information.

We thank you for your offer to place at our disposal the services and advice of the federal rental administrator. Without questioning his good faith and sincerity, we must say that we have greater need, in order to familiarize ourselves with the matter, of obtaining the rulings themselves and the federal orders in council.

As soon as we shall have received these necessary documents and have been able to examine them, you may be assured that the Quebec government will without delay take the fairest and most appropriate steps in the circumstances.

Yours sincerely,

M. L. Duplessis

MINISTER OF FINANCE

Ottawa, November 24, 1949

The Honourable M. L. Duplessis,
Premier of Quebec,
Quebec, P.Q.

My dear Premier:

I acknowledge and thank you for your letter of November 16, in reply to mine of November 9, regarding rent control.

May I first comment on one or two of the points raised in your letter.

More than a year ago the federal government offered to vacate the field of rent control to any province which wished to introduce provincial legislation. In my letter to you of October 23, 1948, which contained that offer, I said:

"At the same time the federal government is prepared to vacate the field at any time after March 31, 1949, to any province which may decid to undertake rent control. Normally rent control would come under provincial jurisdiction and is peculiarly suitable for provincial or local administration because of the immovable nature of real property. The federal government is anxious not to stand in the way of any province which believes that rent control can be better undertaken and administered locally.

. . . .

"This announcement of policy is being made at this time so that any provincial government which wishes to do so will have sufficient time to prepare legislation for presentation to its legislature before March 31, 1949."

Again, in a letter to me on November 3, 1948, you asked the following question:

"Does this mean that after March 31, 1949, you will definitely recognize the right and power of the province to establish, or not establish, as provincial authorities judge best, a provincial control on rentals? In other words, after March 31, 1949, will the federal government give the province exclusive power in these matters?"

On November 12, 1948, I replied to this question as follows:

"The government's policy, as announced, is that if after March 31, 1949, under the proposed extension of rent control, any provincial government formally requests that federal rental control be withdrawn in that province, the federal government will announce that it has received such a request and proceed to withdraw its controls at a date to be fixed by the provincial government in the light of the legislative plans of the province. The responsibility for rental control in that province will then rest with the provincial government and legislature."

As you will see, our offer was unconditional, without any qualification whatsoever. I therefore find it difficult to understand the statement in your letter of November 16, 1949, that:

"Ottawa has never offered to restore to us the full exercise of the rights which it has assumed in this field; the offers made to us in this matter are conditional, restrictive and, in the end, subordinate to the decision of the federal authorities."

The federal authorities entered the field of rent control as part of a national policy of controlling prices and wages during wartime. It is generally agreed, I believe, that action on a national basis was in the general interest and essential to the successful conduct of the war. The government has been removing these controls gradually, as it announced it would, and as, indeed, it was bound to do. Broadly speaking, only rent control now remains, and this is also gradually being relaxed.

The reference to the supreme court is for the purpose of establishing whether or not the federal government has the authority to continue with this policy of gradual decontrol. At any time during the past year, however, any provincial government could have requested the federal government to vacate the field of rent control so as to leave that province free to enact its own legislation.

The federal government does not venture to suggest whether or not any province should enter the field of rent control. This is a matter which must be decided by the government and legislature of each province in the light of local circumstances. We have tried, however, to avoid standing in the way of any province which decides to do so.

The province of Newfoundland retained rent control on a provincial basis at time of union. Within the past few days I have also received a letter from

Appendix

Premier T. C. Douglas, of Saskatchewan, stating that it is the intention of the Saskatchewan government to enact rent control legislation in that province, to become effective on April 1, 1950. I have replied to Premier Douglas that the federal government is prepared to withdraw its regulations in Saskatchewan as of March 31, 1950, so as to avoid any possible conflict, and, if it is his wish, to suspend the operation of orders 813 and 814—which make provision for the recently announced changes in maximum rentals—in Saskatchewan so that the status quo will be retained in that province until provincial legislation comes into effect.

You ask for copies of our rent control regulations to assist you in reaching a decision on the matter. I have pleasure in forwarding, under separate cover, copies of all the orders, at present unrevoked, made in relation to rent control.

Yours very truly,

D. C. Abbott

MINISTER OF FINANCE

Ottawa, November 9, 1949

Honourable T. C. Douglas,
Premier of Saskatchewan,
Regina, Sask.

My dear Premier,

On October 23, 1948, I wrote to you about rent control, confirming the intention of the federal government to ask parliament for powers to extend rental control for a further twelve months beyond March 31, 1949.

In that letter I pointed out that:

"The constitutionality of continuing federal rent control has already been questioned and is now before the courts. The federal government does not wish to do anything to prevent any province from making provisions to deal with the situation that would arise should continuing federal rent control be held invalid and is prepared not only to make available to any province federal rental administration with all available staff, but also, subject to parliamentary approval, to pay the cost of any provincial rental administration for one year."

On January 28, 1949, you replied saying that "the government of Saskatchewan is desirous that the dominion government continue to exercise its jurisdiction in this field and to extend the legislation relating to rental control for at least another year". Similar replies were received from all the other provinces, except Newfoundland which, when it joined Canada, retained its own system of rent control.

Accordingly legislation extending rent control to March 31, 1950, was introduced into parliament and received approval.

On Thursday last, November 3, I made a statement in the House of Commons outlining the government's intentions with respect to the further extension of rent control. My statement will be found at page 1433 of *Hansard* for November 3.

In that statement I said:

"The government has therefore decided to refer the question of the validity of the rental regulations to the supreme court, in the hope and expectation that a decision will be given before the present legislation expires. As I have said, the law officers of the crown are of opinion that the rentals regulations are valid. They are also of opinion that both the law and the facts support the view that it lies within the authority of parliament to extend these regulations for a further period. Counsel will be instructed by the attorney general to press this view before the court. The order in council making the reference is being prepared and when approved will be tabled in this house.

If no unfavourable decision is given, the government at the next session will ask parliament to grant a further extension of the rentals regulations. The government intends to continue with its program of orderly decontrol as rapidly as conditions warrant, but we do not believe that this program can be completed before March 31, 1950. Let me make it quite clear that the purpose of clarifying the legal position is not to perpetuate federal rent control. On the contrary, the purpose is to confirm our authority to proceed in an orderly way towards the eventual withdrawal of all controls. This has been our firm policy towards wartime controls in general and rent control is no exception.

Should the supreme court find that the rentals regulations are now beyond the powers of parliament, then of course a different situation arises. I am accordingly writing at once to the premiers of the provinces acquainting them with our intention and offering to assist in the preparation of what might be termed "stand-by" legislation if they wish to present such legislation to their respective legislatures.

After the most careful consideration of all the alternatives, the government believes that this course of action is the best. We believe that gradual and orderly decontrol is the right policy. At any time, however, that policy could be frustrated by an adverse decision of the courts. Such a decision might come at a most inconvenient time when the provinces might not be in a position to act as they see fit in the interests of their residents. By referring the question to the supreme court before the present legislation expires and by giving ample notice of our intention to do so, such a situation can, we hope, be avoided.

I should add that the federal government, of course, continues to stand ready at any time to vacate the field of rent control to any province which makes a formal request to that effect. We do not wish to stand in the way of any province which desires to operate in the field of rent control."

My purpose in writing to you at this time is to draw your attention to this statement of government policy and to offer to assist you in the preparation of provincial rent control legislation. If you wish to avail yourself of this offer, I shall be pleased to arrange to have Mr. Owen Lobley, the rentals administrator, put himself at your disposal.

Yours very truly,

D. C. Abbott

PREMIER'S OFFICE

Saskatchewan

Regina, November 16, 1949

The Honourable Douglas C. Abbott,
Minister of Finance,
Ottawa, Ontario.

Dear Mr. Abbott:

Re: Rent control

This will acknowledge receipt of your letter of the 9th instant.

I may say that the Saskatchewan government still holds the opinion expressed in my letter to you of January 28, 1949, that the dominion government should continue to exercise jurisdiction in the field of rent control. Dominion-wide control allows uniformity and other advantages. However, in view of the recent increases that you have announced, we are now of the opinion that if left in this type of dominion control, there will be no effective rent control. Further, you made the statement that:

"The government intends to continue with its program of orderly decontrol as rapidly as conditions warrant, but we do not believe that this program can be completed before March 31, 1950."

This confirms our belief that while your government intends, if jurisdictionally possible, to stay in the field, it will be in name only. The Saskatchewan government is gravely concerned with this problem, and feels that as long as there is as critical a shortage of housing as there is today, with the resultant grave injustice incurred by the people of this province, equitable rent control is a necessity.

We, therefore, believe that rental control should continue; we further believe that it would be most effective if dominion-wide, but as stated, we must express our dissatisfaction with the type of control that your government has indicated it intends to exercise. The government of Saskatchewan is, therefore, willing to accept the responsibility forced upon it and enter the field of rental control. It can, however, do this only if it has the assurance that its legislation will not be declared invalid by the Supreme Court of Canada. The law officers of the crown in Saskatchewan are not at all certain that either you, as the minister in charge, or the federal cabinet, has the power to carry out the offer made in your letter, and I quote:

"I should add that the federal government, of course, continues to stand ready at any time to vacate the field of rent control to any province which makes a formal request to that effect. We do not wish to stand in the way of any province which desires to operate in the field of rent control."

You can perhaps rescind all rent regulations in respect of Saskatchewan, and you can apparently, by order in council, vacate the field entirely. That is dominion-wide, but you do not appear to have authority to confer legislative jurisdiction on one province simply by executive action in rescinding regulations and orders respecting that province.

As a reference is being submitted to the supreme court, I would strongly urge your government to include in that reference a question that will settle this issue of power in yourself or the governor in council to confer legislative jurisdiction on a province by executive action designed to turn rent control over to that province.

It would seem that as long as the dominion has its present emergency legislation on the statute books, any single province, or any number of provinces less than all, is barred from the field.

In the tentative opinion our law officers have given, they have not overlooked the following provisions:

"4. The governor in council may revoke in whole or in part any order or regulation continued in force by or made under this act."

"3. (4) Every order made pursuant to the powers conferred by these regulations shall apply throughout Canada unless otherwise provided therein, but may apply to such area or areas in Canada or to such class or classes of persons or to such type or types of real property as such order may designate."

If, of course, the supreme court holds that jurisdiction lies in the provinces, none of these considerations will arise.

I would further strongly urge that until these matters have been settled, your government should rescind the recent increases announced and retain the status quo while these questions are being decided.

The Saskatchewan government, therefore, provided that this assurance of jurisdictional legality is given, would be prepared to enter the field of rent control. While we are at present preparing stand-by legislation, and while it would take some time to set up the necessary machinery, I would suggest the date of April 1, 1950, as the time at which we could be prepared to enter the field.

Yours sincerely,

T. C. Douglas

MINISTER OF FINANCE

Ottawa, November 23, 1949

The Honourable T. C. Douglas,
Premier of Saskatchewan,
Regina, Saskatchewan.

My dear Premier:

I wish to thank you for your prompt reply to my letter of November 9 regarding the future of rent control.

While the federal government has always believed that its wartime rent controls could not, and should not, be continued indefinitely, it recognized that some provinces might wish to enact measures of provincial rent control under the authority of section 92 of the British North America Act. For that reason the federal government, more than a year ago, offered to vacate the field in any province which wished to introduce its own legislation. This offer, as you know, was repeated again in my statement in the House of Commons on November 3.

You have now stated your intention to introduce legislation in Saskatchewan which will be effective as from April 1, 1950. The federal regulations are accordingly being amended to make them inoperative in Saskatchewan after March 31, 1950—or at an earlier date if that is your wish. There can then be no possible conflict between provincial and federal rental regulations in Saskatchewan, for ours will simply cease to be operative in that province. I am advised that there is no reasonable doubt regarding this point and that a reference to the supreme court is unnecessary.

You also asked that the recent amendments to the regulations which I announced on November 3 be suspended, pending clarification of the legal position and of the introduction by Saskatchewan of rent control legislation. As I have said, any doubt about the legal position seems to be without foundation. The federal government is, however, willing to amend orders 813 and 814 of the wartime prices and trade board, which provide for the changes recently announced, so as to make them inoperative in Saskatchewan. The status quo will therefore be maintained in Saskatchewan until provincial legislation comes into effect on or before April 1, 1950. You will understand, however, that this action was possible only because of your request to us to vacate the field and will be concurrent with an amendment to the federal rent control regulations which revokes them in their entirety in Saskatchewan as of March 31, 1950.

In other words, the position will be similar to what it would have been if your province had acted at an earlier date and was ready to put this legislation into effect now, with this exception, of course, that the federal regulations as they apply to Saskatchewan will remain as they are at the present time, unaffected by the changes recently announced, until your own legislation supersedes them.

Unless I hear from you to the contrary before December 1, I shall assume that these arrangements are acceptable to you. May I repeat my assurance that officials of the rentals administration will be ready to assist in the preparation of your legislation, should you desire them to do so.

Yours very truly,

D. C. Abbott

HOUSE OF COMMONS

Saturday, November 26, 1949

The house met at eleven o'clock.

EXTERNAL AFFAIRS

SECOND REPORT OF STANDING COMMITTEE

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

REFERENCE OF CERTAIN ESTIMATES TO COMMITTEE OF SUPPLY

Right Hon. L. S. St. Laurent (Prime Minister) moved:

That votes Nos. 51 to 70 inclusive, of the main estimates 1949-50, and Nos. 766 to 779 inclusive, of the further supplementary estimates 1949-50, approved and reported upon on Saturday, November 26, by the standing committee on external affairs, be referred back to the committee of supply.

Mr. Graydon: Mr. Speaker, as a matter of procedure, is this motion not premature before the report of the standing committee on external affairs has been concurred in by the house? It has been presented only today, and I should think until there is concurrence the estimates should not be referred back to the committee of supply. I am not positive of that. Perhaps the Prime Minister has some clear idea as to what the procedure is.

Mr. St. Laurent: It appeared to us it would not be proper to ask for concurrence in the report, because the report approves these estimates, and approval is subject to the right of the committee of supply to vote all public moneys. Concurrence in the report by the house would deprive the committee of its jurisdiction. It follows that the proper procedure is to refer the items back to the committee of supply before the house concurs in the report of the standing committee on external affairs.

Motion agreed to.

INDUSTRIAL DEVELOPMENT BANK ACT

AMENDMENTS WITH RESPECT TO LOANS, EXPENDITURES, ETC.

Hon. Colin Gibson (for the Minister of Finance) moved for leave to introduce Bill No. 210, to amend the Industrial Development Bank Act.

Some hon. Members: Explain.

Mr. Gleason Belzile (Parliamentary Assistant to the Minister of Finance): The bill is a simple one, involving no outlay of money. In the original bill passed in 1944 it was stipulated that the amount that could be lent was $25 million. Of that amount, up to $15 million was limited to loans in the higher category of $200,000 and up. The amount of $15 million has been almost entirely used up. The bill seeks to provide that the aggregate amount of such loans be increased from the $15 million provided for in the original act up to the $25 million.

Motion agreed to and bill read the first time.

PRIVATE BILLS

FIRST READINGS—SENATE BILLS

Bill No. 205, for the relief of Bernard Rivet. —Mr. Winkler.

Bill No. 206, for the relief of Phyllis Elizabeth Campbell Westover.—Mr. Winkler.

Bill No. 207, for the relief of Mildred Blanche Tilson Bell.—Mr. Winkler.

Bill No. 208, for the relief of Ruby Anderson Edwards.—Mr. Winkler.

Bill No. 209, for the relief of Vera Marguerite Abraham Allen Richey. — Mr. Winkler.

HOUSING

QUESTION AS TO WITHDRAWAL OF FEDERAL RENT CONTROL IN MANITOBA

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): In the absence of the Minister of Finance I would address this question to the Prime Minister. If the premier of Manitoba sends a letter to the Minister of Finance similar in content to that received from the premier of Saskatchewan, will the government consider suspension of the pending rental increases in Manitoba?

Right Hon. L. S. St. Laurent (Prime Minister): The policy of the government has been clearly stated in the correspondence which has been tabled. The government of Saskatchewan has expressed its intention of exercising rent control as from a date not later than April 1 next, and has requested that the announced changes be not put into effect in that province in order that they might start from the situation as it exists at the present time. It is the policy of the government to comply with any such request that may come from any of the ten provinces.

Mr. Coldwell: Have any other requests been received so far?

Mr. St. Laurent: Not to my knowledge.

NEW DEPARTMENTS

RESOURCES AND DEVELOPMENT, MINES AND TECHNICAL SURVEYS, CITIZENSHIP AND IMMIGRATION

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

That it is expedient to present a bill to constitute a Department of Resources and Development with a presiding minister to be appointed by commission under the Great Seal of Canada, with the duties, powers and functions as therein set out, a deputy minister to be appointed by the governor in council, and the necessary officers, clerks and employees to be appointed in the manner authorized by law, with provision also for the transfer of members of the staff of the Department of Mines and Resources or the Department of Reconstruction and Supply to the new department.

That it is expedient to present a bill to constitute a Department of Mines and Technical Surveys with a presiding minister to be appointed by commission under the Great Seal of Canada, with the duties, powers and functions as therein set out, a deputy minister to be appointed by the governor in council and the necessary officers, clerks and employees to be appointed in the manner authorized by law, with provision also for the transfer of members of the staff of the Department of Mines and Resources or the Department of Reconstruction and Supply to the new department.

That it is expedient to present a bill to constitute a Department of Citizenship and Immigration with a presiding minister to be appointed by commission under the Great Seal of Canada, with the duties, powers and functions as therein set out, a deputy minister to be appointed by the governor in council, and the necessary officers, clerks and employees to be appointed in the manner authorized by law, with provision also for the transfer of members of the staff of the Department of Mines and Resources and the Department of the Secretary of State to the new department.

He said: I understand the Minister of Public Works (Mr. Fournier) has discussed these three resolutions with the leaders of the various groups in the house, pointing out that they really involve only one matter and that it might be convenient if they were considered in committee at the same time. If there is no objection, I move that the Speaker do now leave the chair for the house to go into committee to consider these three integrated resolutions, dealing with the setting up of three new departments.

Mr. Graydon: In view of the fact that we are merging the three resolutions in order to expedite the matter, it might be well for the Prime Minister to make his statement before the Speaker leaves the chair; then we can discuss these matters in committee.

Mr. St. Laurent: If that is the wish of the house, I have no objection. I thought possibly in the course of my statement some questions might arise which I could answer immediately, but I can make my statement now, and the questions can be asked and answered when the house is in committee.

The main reason for legislation this session in this respect is the necessity of making some permanent provision for the functions now performed by the Department of Reconstruction and Supply. Hon. members will recall that this was one of the measures foreshadowed in the speech from the throne. It was thought at first that the Department of Reconstruction and Supply might be simply dismantled and its existing functions transferred to other departments of government, and in fact that process was under way after the Minister of Trade and Commerce (Mr. Howe) assumed his present portfolio. Several of the functions which had appertained to the Department of Reconstruction and Supply were subsequently transferred to the Department of Trade and Commerce.

A year ago, when the present Minister of Reconstruction and Supply (Mr. Winters) was appointed, most of the remaining functions which that department had inherited from the Department of Munitions and Supply were transferred to the Department of Trade and Commerce, and the functions left in the Department of Reconstruction and Supply were largely those inherited from the original department of reconstruction which had been set up in 1944, plus ministerial responsibility for housing and for tourist activities.

It was understood when the present minister was appointed that the department was a stopgap, as it were, and that at an early day there would be a redistribution of departmental functions. When we began to give consideration to the appropriate departments to which the remaining functions of the Department of Reconstruction and Supply might be transferred, it appeared that the department which had the most closely related functions was mines and resources. That department, however, already was rather unwieldy, and the government concluded that it would not be reasonable simply to add further functions to that department, including what was becoming the heavy ministerial responsibility in respect of housing. It was then decided to redistribute the functions of the two departments in the way we felt would contribute most to efficient administration and expeditious service to the public. There were two branches of the Department of Mines and Resources each of which was obviously capable of providing the focus or nucleus for a new department. They were the mines branch and the immigration branch. As a matter of fact there had been a department of mines previously,

which in 1936 was combined with the department of the interior to become the Department of Mines and Resources.

Mr. Green: It never had a separate minister, did it?

Mr. St. Laurent: I would not like to say, because that department went back to 1907, and I would not care to make a positive assertion about the whole of the forty-two years. As the hon. member knows, the Geology and Mines Act provided for the creation of a department of mines. That was a statute of 1907, which has never been repealed; but the sections which provided for the setting up of a separate department of mines were repealed in 1936 when the Department of Mines and Resources was created, and those functions were transferred to mines and resources at that time.

There has been a growing feeling, particularly among those interested in mining, that the importance of the mining industry and of the government's relations with that industry was such that there might well be a minister of the crown devoting most of his time to this field of mines and mining. Then, of course, there are certain surveys of a technical nature carried on by the government, in particular the geological survey, which are closely related to the development of mining. Moreover it was felt that the other technical surveys, such as geodetic, topographical and hydrographic, now administered by the Department of Mines and Resources, would be likely to be more expeditiously administered if included in the department which had the responsibility for the geological survey, and that having these together in a well-integrated department would be more likely to do away with overlapping.

In this connection it is worth noting that the union with Newfoundland added to the territory of Canada the island itself and the large area of Labrador as well, which will add considerably to the territorial scope of the activities of the proposed Department of Mines and Technical Surveys.

On more than one occasion in this house there was expressed a growing feeling that the immigration branch had very little relationship to the other activities of the Department of Mines and Resources. It was almost an orphan, perhaps in very good company but not in a company that had any special reason for being interested in its activities. The increasing importance and complexity of immigration required more attention from both the minister and the deputy minister than it was humanly possible to give to the immigration branch, included as it was with the numerous other branches of the Department of Mines and Resources. I am sure that many hon. members have felt that, on occasion, it took more time than appeared to them to be necessary to have matters dealt with in the immigration branch when they had to receive the personal attention of the minister or deputy minister of the Department of Mines and Resources.

It has also been apparent for some time that the relationship between the citizenship branch, under my colleague the Secretary of State, and the immigration branch, under the jurisdiction of the Minister of Mines and Resources, should be as close as possible. The citizenship branch is designed to bring to full citizenship as many as possible of those who immigrate to this country. The scope of the citizenship branch has been expanded since the passing of the citizenship act. It was felt that uniformity of policy and treatment was more likely to be achieved if one minister had the responsibility for both immigration activities and the activities pursued by this branch of the government to bring those immigrants as quickly as could reasonably be expected to full citizenship. It was felt, too, that having these two branches of administration in the one department would be more apt to avoid possible overlapping of services.

Once the decision had been reached to recommend the establishment of a Department of Citizenship and Immigration, it was considered that the minister responsible for this department should, in addition, be given the responsibility for the Indian affairs branch. I believe it is the policy of all members of the house to attempt to have the Indian affairs branch administered in such a way as to bring the original inhabitants of Canadian territory to citizenship as quickly as that can reasonably be accomplished. It was felt that it would have some psychological effect to say that these three activities dealing with human beings, and which are designed to bring those human beings to the status of full citizenship as rapidly as possible, were under the one head. Having citizenship, immigration and Indian affairs in the one department would indicate that the purpose of the activities of that department was to make Canadian citizens of those who were born here of the original inhabitants of the territory, or those who migrated to this country.

It is not intended, of course, that the hospitalization of the Indians will be transferred from the Department of National Health and Welfare to the new department. It is felt that it creates a good psychological effect to leave the impression that the health of the Indians is a matter which is of the same concern to the public as the health of those who enjoy full citizenship in Canada. Once the limits of those two departments were charted, it

became clearer than ever that the most important remaining activities of the Department of Mines and Resources and the Department of Reconstruction and Supply, including the administration of the National Housing Act, trans-Canada highway and so forth, were concerned with a single purpose, namely, the physical development of the various aspects of our national heritage.

As those who were here at the time will remember, the purposes of post-war reconstruction were defined by my predecessor, Mr. King, when he introduced the bill to establish the reconstruction department on April 17, 1944, as involving the re-employment of nearly two million Canadians whose activities had been channelled to war activities during the last terrible war; the conversion of wartime industries to peacetime industries; the recovery of markets which had been dislocated during the war period; the restoration of railways, highways, and other capital equipment which had deteriorated during the war; the development of civil aviation; the planning of public works and services and the development of projects to provide alternative employment while wartime industries were being converted to peacetime purposes; the encouragement of new housing, both urban and rural, and the improvement of existing housing. Many of these objectives were the primary responsibility of other departments, and many of them have already been achieved.

The original reconstruction department was to be mainly concerned with co-ordinating the activities of all the departments, but it was to have a special responsibility for the planning of public projects and services, and the development of projects. Later, the responsibility for housing was transferred from the Department of Finance to the department of reconstruction. The last two responsibilities, for public projects and housing, are the main continuing responsibilities of the Department of Reconstruction and Supply. When the present minister accepted the portfolio in November, 1948, he also assumed responsibility for the encouragement and improvement of our important tourist industry. These activities—housing, and public projects and tourist promotion—will fit quite naturally into the activities to be taken over by the new Department of Resources and Development from the Department of Mines and Resources, such as jurisdiction relating to the forest resources of Canada, irrigation projects, and water-power developments not specially assigned to any other department.

I believe we must realize that the development of this country in population and in utilized wealth is proceeding, and is apt to proceed. I believe we shall be making a valuable and necessary contribution to the future generation of Canadians by giving attention at once to proper forestry in Canada. This is a resource that can be renewed yearly. I was impressed by a book I read recently, entitled, "The Coming Age of Wood", by Mr. Glesinger, the chief forestry expert of the international FAO. In this book the author emphasizes, so far as it can be supported, his view that a great increase in the population of the world could still be provided with all its essential requirements if proper attention were given to the conservation and development of the forest resources, and if proper use were made of all the material that there is in a tree. According to the development of his theme, this result would be brought about not only from the utilization of the fibres in the tree, but also from the effect of good forestry on the control of the flow of rivers and streams, and on the prevention of the erosion of valuable top soil. The house will no doubt welcome the introduction of the bill, which is on the order paper at the present time, for enabling legislation to permit this government to enter into agreements with the provincial governments to assist in the development of proper forestry methods throughout the whole country.

The Department of Resources and Development would take over from the Department of Mines and Resources the national parks and various special development projects, as well as the control and management of the affairs of the Northwest Territories, the Yukon Territory and all federal crown lands not specially put under the control of other departments; and in general it would have the co-ordinating of all these activities in which the federal government can engage, either alone or in co-operation with the provinces, for the better development for the future Canada of the great natural resources with which Providence has so bountifully blessed this land.

The scope of this new Department of Resources and Development will be wide and varied. All its activities can properly be described as activities looking to the development of those resources. I can see no reason why it should not become a well-integrated department, and one in which, having all these activities, the services, skill and experience of the civil servants in one branch would be available for assistance in other branches. The broad objective of the government is to establish three departments with clearly-defined and closely-related functions and of manageable proportions.

We feel that this objective will be achieved by implementing the proposals we are now submitting.

To summarize, these departments will have the functions provided for in the Department of Mines and Resources Act, in the Geology and Mines Act, in the Department of Reconstruction Act and in the Department of Reconstruction and Supply Act. Under the bills which will be introduced, if the resolutions are adopted, the acts which I have just named will be repealed. These departments would also have the functions now in the citizenship branch of the Department of the Secretary of State. The bills would provide that they come into effect on proclamation.

It will of course take some little time after the legislation is enacted to have the proper preparations made for the sorting out of these branches; but it would be the intention, as soon as the legislation is passed, to proceed at once to the sorting out of the branches and to the setting up of three departments at as early a date as that can be done. It may be that at the outset no new minister will be appointed, but that one minister will be charged with the responsibility for some one or other of these three departments, in addition to the functions he now discharges.

Mr. Green: Where does the film board go? Does it go to national defence?

Mr. St. Laurent: The film board is not under a department. The film board is a board, and a minister is the chairman of that board. But it is not provided by any statute that it be in any one department.

Mr. Fraser: It is like Topsy; it just grows.

Mr. St. Laurent: It so happens that the Minister of Reconstruction and Supply is at the present time chairman of the film board; but it is not as part of the Department of Reconstruction and Supply that he occupies that office, but by special appointment.

Mr. Green: I wonder what minister it will come under.

Mr. Speaker: Order. I was going to suggest that it would be more appropriate if questions were reserved until the house goes into committee of the whole on the resolutions.

Mr. Gordon Graydon (Peel): I should like to make a few brief observations, Mr. Speaker, with respect to the legislation envisaged by the three resolutions which the Prime Minister (Mr. St. Laurent) has described and explained.

First of all, despite the suggestion at the conclusion of the Prime Minister's speech to the effect that this did not necessarily mean another minister of the crown—

Mr. St. Laurent: Not immediately.

Mr. Graydon: —I want to make it abundantly clear that we are not setting up these departments for the purpose of having two of them administered by one minister of the crown; I think the house ought to be fully aware of that fact. A review of similar situations in the past will indicate that a department is never left on the loose for very long without some ambitious minister or new member desiring to be at the head of it.

I think we may as well realize now that we are to have another cabinet minister. I thought the Prime Minister might have cut this Gordian knot; it would have been a simple matter. What he should have said is that all these resolutions and all these changes in departments mean that we want to get a minister from Alberta, and that we want to give him a good portfolio. I am in agreement with the Prime Minister on that score, but I do not think we should describe so many circles in trying to get a minister from Alberta. Alberta deserves a minister; it has been without one for too long. I must say this, however. In the performance of his duties Hon. James A. MacKinnon, who is now in the Senate, did a magnificent job, and I would be the first one to commend him. But, as all hon. members will agree, there is a need for a minister from Alberta, and I suggest to the Prime Minister that arrangements be made for one as soon as possible, so that there may be proper parliamentary representation in the government for that ever-growing province. If there is a province in Canada that has made real progress, particularly in recent years, it is Alberta. It has made tremendous strides.

Mr. Sinclair: Politically, too.

Mr. Graydon: Yes. I know the hon. member is an expert on that, and I shall give him the field. But apart altogether from politics, because that may not be a good indication, the progress made by Alberta has been remarkable, and it should have representation in the cabinet. I do not think it is necessary, however, to take this circuitous route to get it.

When the Liberal government came into power in 1935 we had seventeen ministers of the crown. We now have twenty-one, and we are to have another, which makes twenty-two. Before the Prime Minister starts dividing up departments in order to squeeze in a man from Alberta he ought to consider the numerous

applications he must receive every day from members of his own cabinet to be appointed to the other place. That would be an easier way to handle the Alberta situation than the cumbersome method that is being employed. I look across at the government benches and I see men who I am sure would welcome an appointment to the other place. Some of the appointments should not be delayed too long. Instead of making the cabinet bigger, it would be easier in the long run to do that and save the taxpayers a considerable amount of money; we could then have an Alberta minister without increasing the number of ministers.

Of course there is another problem. Every time a new department is set up, every time we have a new cabinet minister, inevitably parliamentary assistants start to come in. We started this in 1943. Many of the parliamentary assistants are such good men that I hesitate to say much about them, except that you can get too much of a good thing, and that is what I am attempting to advise the Prime Minister against at this time.

When the system of parliamentary assistants was instituted in 1943, we had seven. By the time we had arrived at the beginning of the last session we had crept up to twelve. I know it is down to ten now, but that is just a temporary shortage. I believe the supply is much greater than the demand, and I have no doubt the number will creep up again.

When we are speaking about cabinet ministers and parliamentary assistants, we must remember that from 1936 up to the present time we have increased the total membership of the House of Commons by seventeen —from 245 to 262. In that time we have increased the number of parliamentary assistants and cabinet ministers by fifteen. For practically every new member added to the total membership of the house a parliamentary assistant or a cabinet minister has been added. A halt will have to be called to this, because one of these days the public will be asking: Why the necessity for so many ministers and parliamentary assistants at this particular time.

I should like to say a word about the names that are used to describe the new departments. The government must have been at a loss to find suitable names when they were making these changes. To me they are cumbersome and difficult. I was interested in what the Prime Minister said about putting the Indian affairs branch in the new Department of Citizenship and Immigration. The Indians, with their numerous and justifiable claims, will wonder whether there is some significance in their being placed in the same department as displaced persons from abroad, because they have on occasion suggested that they were displaced persons at home. These suggested names are following the general line. As I pointed out in a previous debate, the general terminology applied to our ministries has been cumbersome and clumsy, and also confusing. I should like to impress upon the government the necessity of making the change that was suggested witih respect to "Department of External Affairs".

It is a cumbersome name, and I hope that at the next session the government will change it.

I should now like to refer to the Department of the Secretary of State. What I have to say is no reflection upon the present genial Secretary of State (Mr. Bradley), because these are not personal matters; they have to do with the departments. After all, the Secretary of State is not one of the overburdened ministers of the crown. I know that every minister feels he has too much to do, and perhaps more to do than any other minister. But there are some departments from which work could have been subtracted with a better result than from the Department of the Secretary of State. There are two or three departments that could readily be amalgamated, after a review by the government, thus avoiding an increase in the number of ministers. We are moving toward an unwieldy and cumbersome system of government when in peacetime we increase the number above that which prevailed during the war.

While this great move is being made by the government for additional help, it will at once be recognized how powerful was the argument made by some hon. members not so long ago on going into supply. They indicated that the opposition, no matter how small or large their numbers, are greatly hampered by the fact that they have not adequate facilities for research, and the like. In other words, with added parliamentary assistants, with added cabinet ministers, with heads of departments behind the ministers, the whole parliamentary debating system is loaded in favour of the government. I do not think it is quite fair; I do not think it is quite right. I am not suggesting that the opposition ought to have special favours. All I am asking is that at least the opposition be placed in a position to fulfil properly the functions which the government, parliament and the people expect it to fulfil.

In view of the complex structure of the many problems facing Canada today, there is need for specialized research and assistance in order that they may be properly debated in the house. I defy any member

or any minister of the crown, even the Prime Minister, to make an intelligent and comprehensive contribution to debates in the house without having the advantage of research. None of us has sufficient time to spend in research; the cabinet has not the time, nor have others who take prominent parts in the debates of the house. Some sort of arrangement should be made by which the opposition may be given technical assistance by way of research and the like in the preparation of their work in the house. I repeat that in my view the appointment of additional ministers is a step in the wrong direction. Changes could have been made in the cabinet, perhaps through transfer from one post to another, which would have served the purpose equally well, and would have permitted the appointment of a minister from Alberta without delay.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, generally speaking I think the proposal made by the Prime Minister (Mr. St. Laurent) for the creation of three new departments is pretty much in line with what should be done. It seems to me only logical that we should have a Department of Mines and Technical Surveys to deal with the technical side of government administration, a Department of Resources and Development to deal with the planning of our development and the use of our resources, and a Department of Citizenship and Immigration to bring both immigration and citizenship into conformity with modern conceptions. To that extent we welcome this proposal.

What I was going to say, however, was that I do not think that should involve the appointment of a new cabinet minister or the enlargement of the cabinet. I have often felt that our present departmental arrangements are based upon a conception of government administration of long ago, and that no substantial changes have been made in the last forty or fifty, or perhaps even in the last eighty years, so far as departmental divisions of power and administration are concerned.

Governmental activities are entirely different now from what they were twenty-five, thirty, forty or fifty years ago. Instead of being merely an arbitrator in the economic life of the nation, or perhaps a sort of policeman, the government is engaged in all kinds of economic and social activities. Those of us who followed the developments during the war, and in the more recent period the development of atomic energy, if I may use that as an example, realize that more and more governmental activities are being pushed—not because of the thinking of the present generation, but because of economic and social necessities.

It seems to me that hon. members generally, and the government particularly, should direct their thoughts to the reorganization of the departments so as to meet more effectively the needs of modern economic and social environment. This is true also of the House of Commons itself. Surely our committees need some reorganization. The obligation placed upon some committees is altogether too great, while other committees never meet. A reorganization of committees of the house should be undertaken, and at the same time some thought given to the reorganization of the cabinet itself, having in mind a reallotment of power so as to meet the modern needs of the present generation.

I think it is a sound idea to give young members an opportunity to receive training in departmental administration, and I am not quite as critical as is the hon. member for Peel (Mr. Graydon) about the appointment of ministerial assistants. Already the policy of the former prime minister of bringing in young men to assist the ministers has been largely justified, in the light of the ability of those who have come forward and in some instances have subsequently assumed the responsibilities of departmental administration.

This has been going on for generations in the British parliament. When one thinks of the number of parliamentary secretaries, under-secretaries and the like who have become part and parcel of the British administrative and parliamentary system, and when one realizes that they have gradually reached the stage where the public has had confidence in them, and where a prime minister, whether new or continuing, can look around among those young men and make a selection, I think that in the interest of government efficiency the policy adopted by this government in that connection has been justified by subsequent events.

In my view the placing of matters related to immigration and citizenship under one department of Department of Citizenship and Immigration is a wise move. I was, of course, an immigrant; it is now forty years since I came to this country. It is essential that people who come here as immigrants should be not only welcomed but also taught to value the citizenship of this country, and to have an appreciation of what Canada means to them. My own view is that in every way possible we should endeavour to make our newcomers conscious of their Canadian citizenship rather than of the citizenship they once held. If we do that, we shall build up a more unified country, with less difficulty among those comprising it, so that our population, while cosmopolitan

in its origin, may be unified in its conception of Canadian nationality, and its pride in that nationality.

I was pleased to hear the Prime Minister say that our Indian population is to be encouraged more and more to assume its place in the life of our country. It has always struck me as strange that while in New Zealand, for example, large numbers of the Maoris have attained high office in the army and become members of parliament, and so on, and have thus played a great part in the public life of New Zealand, in Canada in relation to the Indians we have had very few instances of the kind. One recalls that many who in law have made real contributions to the life of this country—and there comes to my mind the name of a chief justice of Saskatchewan of a few years ago—in the church, in education and in other fields of endeavour, have had at least a fairly substantial admixture of Indian blood. Therefore it seems to me there is no reason why our Indian population should not be encouraged to take an active part in Canadian public affairs.

I was also interested to hear the Prime Minister speak of conservation, and his conception thereof in relation to the new departments that were being set up and their responsibility in that regard. I think we must give more consideration to this question than we have over the last number of years. I have read, for example, about this beautiful Ottawa valley, where the parliament buildings are situated, once upon a time having great forests of white pine which were cut down, shipped down the Ottawa river to the St. Lawrence and thence across the seas to provide masts for the great sailing ships of other days. Today you can drive from one end of the Ottawa valley to the other and you will have difficulty in finding stands of white pine of any size. They have gone, and their place has been taken by small scrub trees suitable only for firewood or pulpwood.

What is true of this valley is true of many parts of this country. In British Columbia I have seen great logs coming out of the forests on slings, the cutting down of trees and the accumulation of slash that remain. The wastefulness of generations gone by and of our generation is something for which posterity will condemn us. It is up to us to see to it that we provide for conservation.

I remember a short time ago I was driving through a section of Canada a newcomer to this country, from one of the Baltic states. I was asked why it was that there were no trees, why there were only stumps, and why it was that nothing grew here. I explained that the trees had been cut down and nothing had been done to replace them. This person said to me: "For many years that has not been permitted in my country; the cutting of the trees is entirely under the supervision and control of the government". That is particularly true in countries such as Norway and Sweden. I know the difficulty. Whenever any province of Canada endeavours to put into effect a forest conservation policy, the outcry is made that they are interfering with so-called private enterprise. No matter whether we believe in private enterprise or some other sort of enterprise, one thing we owe to our own and to future generations is that there shall not be private exploitation and the denuding of our forest lands and our other resources in the interests merely of the present generation. In Norway, Sweden and the Baltic states forest conservation policies have been in effect for years.

The same applies of course to soils. I was born in a part of Great Britain where the land has been farmed for more than two thousand years, ever since the Phoenicians first came to the shores of the British isles. During the whole of that time crops have been reaped, and today the cropping of that same soil produces far better results than much of the newer soil of Canada. Soil conservation is something we should consider more than we have considered it in the past.

If the reorganization of departments foreshadows a more intelligent policy of dealing with our minority races, our forests and our soil, then it is to be welcomed. I am not convinced, however, as the hon. member for Peel is not convinced, that it is an extension of the number of cabinet ministers or the number of departments that is necessary. While welcoming the new divisions, I rather believe that the government should be considering the reorganization of governmental responsibilities among the cabinet ministers, and the reapportionment of administrative powers among even fewer cabinet ministers than we have today.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I should like to add to the debate a voice from this corner of the house. While we are largely in favour of these three resolutions, believing as we do that government administration should be facilitated to the greatest possible extent in order that government may be as efficient as possible; yet we do have some diffidence as to the need for three departments. It seems to me that one of them is justified, while perhaps there is not so much reason for the other two. I believe the resolution creating a special Department of Citizenship and Immigration, and perhaps

putting Indian affairs under that department, is a good move. I agree with the hon. member for Rosetown-Biggar (Mr. Coldwell) when he says that immigrants need to be trained in an appreciation of Canadian citizenship. Not only would the minister be responsible for the general process which takes place as one becomes a Canadian citizen, but also he would have a larger responsibility for the probationary period during which these newcomers to Canada learn something of the opportunities, freedoms and other advantages that Canada has to offer. We are very much in favour of the creation of that department.

We cannot be so enthusiastic about the necessity for the other two departments. My main reason for saying so is that, after all, the natural resources of Canada come under provincial jurisdiction. I recognize there are large areas in the Northwest Territories that geographically come under this government. I am afraid that in a good deal of the work carried on there is considerable duplication as between the government here and the government of the provinces. The hon. member for Rosetown-Biggar has said something about forestry in the Ottawa valley. I do not know who is responsible; it seems to me that would be a provincial matter, but his remarks should be directed to those who have the responsibility. Anything that is good, of course, should be continued, but we do have to protect the expenditures of this country to some extent, though I personally am not one of those who care to scrutinize every dollar. As a matter of fact my economic philosophy is one of spending rather than conserving. I believe in spending; that is what makes the wheels of industry go round. It seems to me the philosophy of thrift has been carried to the extreme. However, that is just an aside. With the taxation system under which we are living we have to guard expenditures, because in the final analysis this government is going to make the people pay for everything that is done.

I realize the significance of what the hon. member for Rosetown-Biggar has said in respect to the economic and social life of a nation assuming greater and perhaps more important proportions, with the result that someone has to take charge somewhere. Thus it devolves upon the government to extend its administration, which might be the natural thing to expect. But I do not know that I altogether agree with that, for this reason. I believe there is a tendency among nations to build up and create a bureaucracy to do things for people which by their very nature, being human beings, they should be able to do for themselves. I believe the tendency toward bureaucracy exists because we have certain false conceptions with respect to society at large. Governments increase their number; their administration increases in machinery and personnel in the process of building up this bureaucracy. But the human race does not change. How does this all come about? I wonder if we have ever thought of that. Human nature does not change; it is the same as it always has been. We still wear hats of the same size; we still think with the same brains; we still eat three meals a day; we still sleep in beds; we still breathe the air; we get up in the morning about the same time; we go to bed perhaps a little later than our predecessors did. Human nature is the same; man is a free moral agent, and so on. Where does the difference come in? I think the difference arises from the fact that somehow or other there is a design somewhere to render men less free; and believe me, the more government increases—it is government here, government there, government somewhere else—the more that design will become clear. People talk in terms of government, government, government. Well, the more you talk in terms of government the less you can talk in terms of men being free. It might be well for us to reflect a little on this bit of philosophy.

Let me tell you what I think should be done if there is to be any increase at all in services. I believe the ordinary member of parliament should be given additional help. If government administration increases, or if there is to be an increase in administrative machinery, that must apply also to members of parliament. I am sure I speak for many hon. members. I happen to sit here at a sort of forty-five degree angle from the hon. member for Winnipeg North Centre (Mr. Knowles), and sometimes I have occasion to look under his desk. I do not think he wears an oversize shoe, but I do not know how he finds a place for his feet among all the books and papers he brings down here and piles under his desk. Perhaps his personal staff should be increased by an extra messenger to carry down his books.

That is just a little sidelight, of course. Let us look at the tremendous machinery involved in carrying on the government. Let us look at the government reports that come to our desks. No member of parliament is able to read them all; there are not enough hours in the day. No member of parliament could read fast enough to be able to read everything that comes to his desk, even if he were to read for twenty-four hours a day.

Here we have the Department of External Affairs, a tremendously responsible department these days, through which we have our connection with the United Nations. Foreign relations is a matter that is becoming more and more important. How much does the average member of parliament know about foreign relations? I am casting no reflection upon members of the house as such, but it is almost impossible to read everything that is issued by the United Nations, coming to us through the external affairs department, and become expert in those matters in addition to looking after our other work.

If the government finds that its increasing responsibilities are such as to require a greater number of ministers and staff and administrative machinery, how much more does that apply to members of parliament. Here we are packed up in little offices. We should have more office space; we should have special and personal research men who can go into these things and boil our work down for us, so that the stature of this house would be raised in the eyes of the public who sit in these galleries. It may be that there are not so many in the galleries this morning because I am speaking; but I believe the real reason why more people do not frequent parliament is that most people believe this is a pretty dull place. It should not be so, and it would not be so if each member of parliament had an adequate staff. I do not mean the mere sharing of a secretary; I mean a research man. I am thinking of someone who could give information about the various subjects taken up in the house, so that the member of parliament could study legislation which at times is very intricate. I sat in the house during the debate on the measures to abolish appeals to the privy council, the revision of the constitution and the Combines Investigation Act; they were extremely involved. The members of the legal profession had quite a tournament at that time.

I see, Mr. Speaker, that you are just leaning over to tell me to come to order because I am straying from the subject. I shall return to the subject, but I am conscious of the fact that I cannot do all my work and be as expert as I should like to be because the government has not seen fit to give us adequate staff.

I am heartily in sympathy with the resolution respecting citizenship and immigration, but I think the other two—oh, we are not going to hold it up, because it is not that important—could well be put together.

[Mr. Hansell.]

Mr. J. M. Macdonnell (Greenwood): There are one or two observations, Mr. Speaker, which I had intended to make in committee, but which might be made at this time.

We had a statement from the Prime Minister (Mr. St. Laurent) which recalled to my mind a statement about the Prime Minister made by an old friend of his. It concerned the days when the Prime Minister used to appear in court. This man said the Prime Minister really did not have to argue; he just stated the facts of his case but stated them so persuasively that that ended the matter. I believe we have to be on guard against the persuasiveness and charm of the Prime Minister. When he tells us these things, it almost sounds as if they proved themselves.

I should like to make one or two comments which are really a sort of footnote to what the member for Peel (Mr. Graydon) said. The problem of the Prime Minister with respect to Alberta was clearly explained by the member for Peel, and he referred also to the more general problem of the Prime Minister with a huge and successful following who naturally feel they would like to profit in various ways from their electoral success. The Prime Minister, being what he is, finds himself sympathetic to them. His position reminds me of a few lines written by that great philosopher, W. S. Gilbert, who put his philosophy in rhymes which are easy to remember. The lines which I shall read, I suggest, depict in some fashion the position in which the Prime Minister finds himself at the moment:

> There lived a king, as I've been told,
> In the wonder-working days of old,
> When hearts were twice as good as gold,
> And twenty times as mellow.

Then, it continues:

> He wished all men as rich as he
> (And he was rich as rich could be);
> So to the top of every tree
> Promoted everybody.

The Prime Minister, as the member for Peel has already indicated, is in a quandary, in that he would like to make as many appointments as possible that would be pleasant to those who receive them.

It was perhaps a little unfortunate that this additional government expenditure should have been announced this morning, after we had heard from the Minister of National Revenue (Mr. McCann) that he was almost in a position to cut down the number of his staff by some thousands. Of course the Minister of National Revenue comes from Queen's university, and I am prepared to believe that, in many ways, he is in a

class by himself. Nevertheless I say it is a little disappointing, when we seemed to be in sight of a little economy, to be subjected to a cold douche the next morning. We find that, instead of economy, there is going to be a great deal of expenditure.

It is never popular to talk about economy. I do not hold myself out as any authority, but I should like to read a word or two from the Winnipeg *Free Press,* to which I understand the government gives ear from time to time. Actually it is written about the trade situation, but there are a few words here which I think apply. The *Free Press* says this:

—Canada cannot afford to undertake many of the expensive projects which seemed possible before but are now clearly beyond our means.

This, of course, is not one of the projects which the *Free Press* had in mind—at least I do not think it was. Nevertheless it seems to me that economy is economy, and extravagance is extravagance. If in fact we are setting up a department which is not necessary—and I shall come to that in a moment—then we are in fact extravagant.

I remember a wise remark made by the head of a corporation whom I heard speaking to one of his colleagues who was proposing to add a new department to his firm. He said: "Now, that may be necessary, but do not fool yourself as to what you are doing; you are setting up a new kingdom, and the king will want to have as many subjects as possible." That is true. If it is true in business, where one has the acid test of the profit and loss account, how much truer is it in the public service, where there is no such test, and where the sky is the limit.

I am only going to say a word or two about the departments. I do not think anyone will quarrel about what the Prime Minister said as to the need for dealing with the various matters to which he referred. We hold up both hands for that. It was interesting to hear the Prime Minister say that at one time the dismantling of the Department of Reconstruction and Supply had been considered. As I understood him, he gave an interesting reason for that when he said it had been thought that when the Minister of Trade and Commerce (Mr. Howe) left reconstruction and supply to go to trade and commerce, he would take many of his functions with him. That, of course, is quite commendable, but I do not intend to pursue it further. I do wish to say that I am glad the Department of Reconstruction and Supply was not dismantled, and we all cordially approve of the minister who was appointed to it.

This point is still left, however, as the hon. member for Peel has already indicated: There are three or four departments, such as defence, national revenue and finance, which have under their control a far wider range of matters, a far more impressive amount of business, than this new department will have. I entirely agree with what the member for Peel said about the Secretary of State. Surely part of this could have been left with him. If in the Department of National Defence there is this tremendous range of business which is dealt with by one minister with deputies, it cannot be suggested that these matters could not have been dealt with in the same way.

I have no desire to take more time than I have. The only point I want to make is that in my opinion this is an unnecessary extravagance. It could have been dealt with another way. However pleasant it may be to elevate a new person to the stature of a minister, what we are doing is setting up a kingdom which will eventually cost this country—and I make a conservative estimate —several tens of thousands of dollars per year.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, I have always felt that the Department of Mines and Resources should have a thorough psychoanalysis. I have always felt the name was a misnomer, because the department has little to do with either mines or resources. I have often tried to ascertain what the functions of the department are. The estimates of the department come to the house, generally, as those of a minister who has very little to do with the technical matters that are supposed to be handled by it, and the minister is looked upon in the house as just another supernumerary rendering an annual report. I have always felt that this department should have some kind of tightening up. Whether this is the proper way to do it or not, I am not prepared to say.

The arguments that new departments and new ministerial posts are not necessary do not impress me greatly, because anyone who thinks in those terms has not been keeping abreast of the times. You cannot compare the Canada of 1949 with the Canada of even 1939. We are living in a completely different age. The argument against a ministry of trade and commerce is ridiculous, because practically all trade on an international scale today is done between government and government, and it is necessary to have a department for that purpose. Our internal markets also are largely regulated by the government. Where would the apple growers, the wheat growers or the fish industry be if

it were not for the fact that a government board is buying up their surpluses and marketing them on an international scale? Whether we like it or not, that is the development; if we are to keep up to date, business will have to be done in that way.

The government is in business, whether some people like it or not. I should like to bring to the attention of the house the extent to which the present Minister of Trade and Commerce has taken the government into business, and rightly so. In the last three or four weeks he has been kicked around in this house a good deal, but I think he has done an excellent job in the field of protecting certain essential services in this country for the people of Canada. I have in mind Trans-Canada Air Lines for example. I do not think we would have T.C.A. if it were not for the fact that we had in the Minister of Trade and Commerce a fairly stubborn person who believed that we should have it. The radio is another example. The measure of public control is, I think, largely due to his activities. Then there is the Polymer Corporation. We are all proud of it. It has done an excellent job. It was thrown together when its creation was absolutely essential. Then there is Canadian Arsenals, and there are other examples that I could mention. I think the minister did an excellent job in that respect.

In order to supervise and properly control these activities, a department is necessary with someone in charge of it who really understands the situation. My only quarrel with the three resolutions that are now before us is this. For example, in the Department of Mines and Technical Surveys, when a minister is appointed, I do not think the appointment should be made on a political basis; neither do I think that it should be made on a geographical basis. I am not particularly concerned about whether Nova Scotia has a minister or not, or whether Alberta has one or not. But I am anxious that the minister who is appointed to that portfolio shall have the qualifications necessary for proper supervision of the department's activities. The same observation applies with regard to the Department of Resources and Development. As to the Department of Citizenship and Immigration, it can be handled by anyone who can read and write. The other departments, however, are technical departments.

I should like to direct the minister's thoughts to another aspect of the situation with regard to the first two departments I have just mentioned. Mines and technical surveys are matters that are dealt with by the provincial governments also. The provincial governments have complete control over whatever minerals may be discovered. They also have a large measure of control in the granting of charters for any development that may take place as a result of these technical surveys. To what extent are we duplicating, federally, the work that is done by the provinces? I have checked on this business to some extent with regard to technical surveys, particularly as to minerals. One reason why I am glad to see that whole subject now departmentalized under some responsible person is this: as far back in the past as research has been carried on by the Department of Mines and Resources, it has served little purpose. I will mention only one aspect of their work—for example, Labrador and Ungava ore. I am informed that reports had been locked in the vaults of the federal department since 1896. Nothing was done about them until some prospector staggered over some ore and thought there was something there; then a survey was made and the archives gone into. There is no use in spending a great deal of money in carrying on that kind of work unless we are going to do something about it. I trust that under the new set-up something may be done about it.

The same thing applies to the Department of Resources and Development, having to do with a matter which also is in the hands of the provincial governments. Unless the federal government are going to enact some legislation whereby their surveys and the development of their resources is to be carried on on a national scale in co-operation with the provinces, it is just a waste of time to set up federal departments and place large staffs in them if nothing is done about the surveys made and the resources discovered. This is something upon which we must make up our minds. I hope that in the future we shall have a minister in charge of these departments who has the tenacity of purpose which the Minister of Trade and Commerce has shown. On occasions he may have shown bad judgment, but I think that any mistakes he has made were honest mistakes. To me at least, as a member of this house for the last ten years, he has demonstrated that he is the kind of person who wants to do something about the matters that he may be administering. I trust that we may have men like him in these two particular departments.

My main purpose in rising was to say that we must not be unmindful of the fact that, with regard to both of these departments, we run into the provincial governments. We should not be duplicating their work. If ministers are appointed, they should have the technical qualifications to carry on the work of the departments and to do it

properly. A minister may be placed in an extremely awkward position. Let us suppose that he is Minister of National Defence. There are many technical problems to be handled and many things that he must know something about. Suppose you bring in somebody from Alberta just because he is from Alberta. He may be a farmer, and yet you bring him to Ottawa and make him Minister of National Defence. What respect has his department for him? He is just wandering around there like a ship without a rudder.

Mr. Graydon: What is wrong with the farmer?

Mr. Gillis: Nothing at all, except that he is not a soldier, and knows nothing about the technical questions that he will run into in the Department of National Defence.

Mr. Cardiff: More farmers have become soldiers than have those in any other group.

Mr. Gillis: That is fine. But in the Department of National Defence you must know something about atomic energy and the new weapons that are coming out. Neither coal miners nor businessmen have the technical knowledge which would qualify them to take over a department of that kind and command the respect of the department. The same thing applies to the new Department of Mines and Technical Surveys which is being set up. To have the respect of the department and to make a contribution in that field, the minister, regardless of the part of the country from which he comes, should have the necessary qualifications to determine whether his department is doing a proper job or not; he should not just have somebody writing stuff for him that he reads in the house and that he is not qualified to elaborate beyond the written pages that are given to him. I do not care where the ministers come from. I think they are necessary. I think the idea of breaking up the departments and departmentalizing them is the right one. I only hope that people will be put in there who want to do something about the responsibilities that are being delegated to them in these resolutions.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to speak very briefly, because the hon. member for Rosetown-Biggar (Mr. Coldwell), the hon. member for Cape Breton South (Mr. Gillis) and others have given expression to some of my views; but I do want to say that I am pleased in the first place to support these resolutions. Because of the explanations given to us this morning by the Prime Minister (Mr. St. Laurent) I think the proposals are logical and necessary. It has been my experience that many adult Canadians are confused about the functions of certain departments of the federal government. The division of the departments and the naming of them in this way will dissipate some of that confusion. I am of the opinion that the more people we can get interested in the national government, the more people we can have in the country who have an understanding of the functions of the departments of the national government, the stronger our democracy will be.

There has been some reference to the appointment of further ministers. I support the remarks made by the hon. member for Cape Breton South. We are a rapidly expanding and growing country, and the functions of government are rapidly expanding. I am all for appointing ministers who are required to carry out efficiently the work of these expanding and increasing departments.

With reference to the establishment of the Department of Mines and Technical Surveys, the new title is an improvement. As the Prime Minister said, our mines are very important to the federal government, and there is a necessity for co-ordination of the activities of the federal government with the activities of the provincial governments, particularly with regard to the conservation of natural resources, which several speakers have mentioned. In the department as now proposed we will have the majority of the technical staff, I presume, concerned with surveys and dealing with similar problems. There is a staff that is dealing with surveys in the Columbia river, the geological surveys and so on. It is a logical arrangement for that department.

When we come to the establishment of the Department of Resources and Development, of necessity an active minister will have to be appointed to that portfolio. I am all for it, Mr. Speaker, because I believe that if we are to develop our housing program, which is so necessary in this country, our trans-Canada highway system and our country generally, and if the dominion government is to support the development of Canada to the extent that will be required in the years ahead, it will be a full-time job for any efficient minister.

With respect to the establishment of the Department of Citizenship and Immigration, I am pleased to see it now, because we have to expand the functions of the department in a logical way. The previous department had to do with natural resources and development. As the Prime Minister said, this department will be primarily concerned with human resources. I think the establishment

of a department under which immigration, citizenship and the care of Indian affairs comes under one branch is logical, and I am sure it will appeal to a large section of the country.

Before concluding, Mr. Speaker, I want to make a reference to parliamentary assistants. The hon. member for Peel (Mr. Graydon) criticized the number of parliamentary assistants that this government has appointed. Personally I am pleased to know that this government is appointing parliamentary assistants. I say that because of my personal experience in this house. They perform a very necessary function. In the first place, it seems only reasonable to provide an opportunity for, shall I say, the brighter and coming young men of the house to be trained in departmental activities with the possibility of being appointed cabinet ministers in the future. I think also that parliamentary assistants are a necessary link between busy cabinet ministers and their officials. They are a necessary link between busy members of parliament and the ministers' officials. From my experience I have found that the parliamentary assistants perform a useful function in this house for members of parliament. I want particularly to mention two that I have had a good deal to do with. In the first instance, I had numerous problems brought to my attention that concerned the Department of Reconstruction and Supply, not during the last twelve months but during the immediate post-war period. I must say that on numerous occasions I found the parliamentary assistant to the Minister of Reconstruction and Supply most helpful.

Now, sir, I say this, though I differ from the hon. member politically. So far as British Columbia is concerned we are fortunate that the Minister of Finance has for his parliamentary assistant a man of the calibre of the hon. member for Coast-Capilano (Mr. Sinclair). On occasions I have had to bring to his notice problems from my constituency—because my constituents are a very alert and active people. I have found the hon. member most helpful and co-operative, and most willing on all occasions to do what he could to find a satisfactory solution to the problems that I brought to his department through him.

In conclusion, Mr. Speaker, I simply say this. The final success, the basic success of this reorganization, depends to a great extent not only upon the ministers appointed but on the calibre of the deputy ministers appointed to assist in these departments. I do hope that in this reorganization of the departments the government will give serious consideration to the appointment as deputy ministers of the best men that they can obtain.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, I should like to say a word or two before the measure is finally carried. I believe that the move of the Prime Minister (Mr. St. Laurent), to add to the administrative machinery which will be at his disposal, is sound. It is true, as a number of hon. members have already said, that we need to increase such machinery as the complexity of the lives of our times develops. It must be borne in mind, however, that each department must be carefully instructed to recognize that it is not its function to step into the work which is already being done by the provinces. It must be definitely understood by every cabinet minister that his prime function is that of leadership. He should never get the idea that he is a driver or necessarily a supplanter. One of his main functions is to supply the finance to those who are already engaged in carrying on the work which falls naturally under his department. Not only should he supply finance, but he should supply also technical knowledge, in so far as the dominion has it at its disposal in greater abundance than the provincial governments can have. He should provide for co-ordination among the provinces.

Up to the present time too little realization of that sort of thing has been in evidence. This country is unique in that it now consists of ten countries. If any one of the provinces of this dominion were in Europe it would be a nation with a nation's problems, a nation's capacities and a nation's resources. One of the main tasks of the minister is to bring the activities of these ten provinces into co-ordination, so that there will be no conflict among them, such as has all too frequently developed in times past. I hope the Prime Minister will take care to brief these new men adequately in this respect.

May I revert for a moment to the matter of finance? Let us take the question of Indian affairs. Busy as has been the Minister of Mines and Resources (Mr. Gibson) in the years immediately past, he has had plenty of time, I believe, to supervise the Indians affairs branch to such an extent as to enable him to know pretty well what ought to be done for the Indians. Strangely enough, however, I have had the impression that for about forty years that branch has been restricted in its activities by a sort of financial ban.

It will not matter who is in charge of the Indians if the policy of the government with respect to them is one of cheeseparing and niggardliness. That branch will never be

able to do what ought to be done for the Indians so long as that condition exists. To every reasonable person throughout Canada it must be a cause for chagrin, if not mortification, that we have not yet seen fit to give our Indians the old age pension.

Mr. Speaker: Order. I do not think the hon. member can go into that at this time. The house is discussing the advisability of setting up these departments. Under that heading I do not think the hon. member should discuss government policy.

Mr. Blackmore: Thank you, Mr. Speaker; I have no desire to collide with you in this matter. I would say, however, that unless more money is given to the departments than has been given up to the present time, covering certain activities, we might as well write these new departments off so far as their doing anything effective is concerned, and the enormous expenditures which the hon. member for Greenwood (Mr. Macdonnell) foresaw will be in large measure money thrown away. I have no desire to launch into any discussion of the Indian question. I mentioned the Indians merely as an illustration of branches of government affected by the reorganization we are now discussing. How one can really be effective in a discussion without using some sort of illustration, I do not know. To my mind the Indian question appeared to be a good illustration of a matter which could have been taken care of without the establishment of new departments, but which for financial reasons has not been adequately handled.

Until we all come to realize that the things we so much desire require the expenditure of money, we shall not make the progress we ought to make. Time and again I have argued that the provinces are able to take care of all the matters coming within their jurisdiction, if they are supplied with money. The sooner we begin to realize that fact, the less we shall be inclined to delude ourselves into thinking that we can improve conditions materially in our provinces and in the nation generally by simply changing forms.

Turning to the matter of forest conservation—and I hope I shall not be declared out of order if I deal briefly with that subject, because others have already done so—

Mr. Speaker: I hope the hon. member will confine his remarks to the advisability of setting up the new departments.

Mr. Blackmore: Thank you, Mr. Speaker; that is precisely what I am doing. For if the new departments that are being set up do not increase well-being throughout the country, which is going to cost money, my argument is that there is no use in setting them up, and that the money spent in setting them up and maintaining them will be wasted and confusion throughout the country will be increased.

It would appear that anything effective that could be said will be considered out of order, so I shall take my seat.

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

The Chairman: Is it the wish of the committee to consider the three resolutions at the same time, or to deal with them separately?

Some hon. Members: Together.

Mr. Green: One o'clock.

Mr. Fournier (Hull): Carried.

Mr. Chairman: Shall the resolutions carry?

Mr. Green: No; I wish to ask two or three questions, and it is one o'clock.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Resolutions reported, read the second time and concurred in.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 211, respecting the Department of Resources and Development.

Motion agreed to and bill read the first time.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 212, respecting the Department of Mines and Technical Surveys.

Motion agreed to and bill read the first time.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 213, respecting the Department of Citizenship and Immigration.

Motion agreed to and bill read the first time.

SALARIES ACT

AMENDMENT TO PROVIDE SALARIES FOR MINISTERS OF RESOURCES AND DEVELOPMENT, MINES AND TECHNICAL SURVEYS, AND CITIZENSHIP AND IMMIGRATION

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

That it is expedient to amend the Salaries Act by repealing the salary provision respecting the Minister of Mines and Resources, the Minister of Munitions and Supply, the Minister of National War Services and the Minister of Reconstruction,

respectively, and by providing salaries for the Minister of Resources and Development, the Minister of Mines and Technical Surveys and the Minister of Citizenship and Immigration, respectively.

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

Mr. St. Laurent: Mr. Chairman, the bill which will be introduced if the resolution carries will have only two sections. One provides for the repeal of the provisions of the Salaries Act which now provide salaries for four ministers of the crown at the rate of $10,000 each, and substituting salaries for three ministers of the crown at the same rate. The other section provides that the act is to come into force by proclamation, which will be at the same time as the acts creating the new departments are proclaimed.

Mr. Green: I had two or three questions which I wanted to ask on the other resolutions, but they went through before most of us were back in the chamber. If I may, I should like to ask them now.

The first has to do with the distribution of the various branches. In the present Department of Mines and Resources there is a branch known as mines, forests and scientific services. Apparently it is to be broken up and some of the sections of the branch allotted to the new Department of Resources and Development while others go to the new Department of Mines and Technical Surveys. For example, there are the following branches: the bureau of mines, the dominion forest service, the eastern rockies forest conservation board, the geological survey of Canada, the surveys and mapping bureau, the dominion water and power bureau, the geographical bureau, the national museum of Canada, and the dominion observatories.

Then there are also certain branches which, while they are under the Minister of Trade and Commerce at the present time, would appear to have their proper place in one or the other of the two new departments. One is the dominion coal board, which, it would seem, should be in the Department of Mines and Technical Surveys. Then there are the national research council, the atomic energy control board and Canadian Arsenals Limited. Can the Prime Minister tell us just how these different sections of the service are to be allotted?

There is one other question. Will the Prime Minister indicate the number of employees there are now in the Department of Mines and Resources, the Department of Reconstruction and Supply and the Department of the Secretary of State, and the number there will be in the new departments after the change? I realize he can only give an approximate figure, but I take it the government has some idea of the size of the new departments.

The Prime Minister did not mention which minister would be responsible for the film board. Finally I suggest that the name "Indian affairs" should appear in the name of the new department, which is apparently to be called the Department of Citizenship and Immigration. I am afraid, if that is the name used, the Indian affairs branch of the new department will be regarded by the general public as just tacked on, whereas in fact the two large branches will be immigration and Indian affairs. Each of these branches will have several hundred employees. On the other hand, the citizenship branch is a small one in the Department of the Secretary of State, with, I believe, between twenty and thirty employees at the present time. It seems to me that Indian affairs work will be of such importance that it should be given a place in the name of the department. Perhaps the title would be too long if the three different branches were named—citizenship, Indian affairs and immigration—but, if that is so, I suggest it could be known as the department of Indian affairs and immigration. Those are the two main jobs of the new department. It seems to me it is not right to leave the words "Indian affairs" out of the name of the new department.

Mr. St. Laurent: Mr. Chairman, we are going to do our best to please everybody, but we are not going to be able to please the hon. member for Peel by shortening the names of departments and please the hon. member for Vancouver-Quadra by lengthening them. As to the suggestion that we drop the word "citizenship" and substitute "Indian affairs" in the name of the new department which will deal with citizenship, it has appeared to us that the real objective towards which we should endeavour to proceed is to make citizens both of the immigrants and of the Indians. We believe that it would be a mistake not to have that fact emphasized in the name of the new department.

Mr. Green: Of course the Indians are citizens now in British Columbia. They have the vote in British Columbia.

Mr. St. Laurent: If they are, they no longer come under the treaty provisions of the administration of Indian affairs, and they can become citizens everywhere in Canada by a declaration that they wish to be withdrawn from the provisions which apply to the treaty Indians. I had the advantage of the friendship of a distinguished member of the legislature of Quebec who had withdrawn from

the treaty provisions of the Indian band at Lorette. He had become a member of the legislature representing the constituency in which that reserve is located. So I think it is very desirable to promote to the greatest possible extent the advancement of those residents of Canada to full citizenship. The only thing that might be considered would be to add "Indian affairs" to the other two names given the department. The only objection there would be to the length of the name: citizenship, immigration and Indian affairs.

Mr. Green: That does not do much harm, does it?

Mr. St. Laurent: The hon. member for Peel does not think we should have to refer to the Secretary of State for External Affairs by that name.

Mr. Graydon: Neither does the Prime Minister.

Mr. St. Laurent: I am not disclosing my own views at the present time, but merely commenting on the conflict between the views of the hon. gentleman to whom I am attempting to reply, and those of other hon. gentlemen in the house. Of course a rose would smell as sweet by any other name, but most of us still prefer to call it a rose rather than change to some long and learned botanical description of that beautiful flower.

With respect to the other matters, of course the hon. gentleman realizes that it is going to require quite a delicate sorting-out process to distribute these branches and those who are concerned with their operation in the manner that will tend to the greatest efficiency. Our estimate would seem to show that there might be about 2,000 in the Department of Mines and Technical Surveys, about 3,200 in the Department of Resources and Development, and about 3,100 in the Department of Citizenship and Immigration. That was the calculation made by those who were studying the position, because we were trying to get an idea of what the balance of activities would be.

With respect to the estimates, if the hon. gentleman will turn to pages 28, 29, 30 and 31 I might refer to the numbers of the items. For resources and development, from our best estimate of how the services would be distributed, there would be Nos. 173, 180—

Mr. Green: That is the director of special projects?

Mr. St. Laurent: Yes; 180 to 186 inclusive—

Mr. Green: I might point out to the Prime Minister that there is a subheading for each of these, which might make it easier to follow.

Mr. St. Laurent: But under the subheading there are some which would go to the other department. Under the subheading of mines, forests and scientific services branch, Nos. 177, 178, 179, 187 and 188 to 195 inclusive would go to mines and technical surveys.

Mr. Green: There is another subhead for the bureau of mines.

Mr. St. Laurent: The bureau of mines is a subhead, and there we have items 176 to 179.

Mr. Green: Then comes the dominion forest service.

Mr. St. Laurent: Yes. The bureau of mines would go to the mines and technical surveys department; from forest service down to geological survey would go to resources and development; from geological survey down to dominion water power bureau would go to mines and technical surveys. At present the dominion water power bureau is listed as one of those branches which would remain with resources and development, though there will have to be some sorting out there because part of that branch is devoted to projects and there is a part which is a service department for the information of the public. The Dominion Water Power Act deals with projects in every section except section 10, which deals with surveys for the information of the public. All the other sections deal with projects, which would remain with resources and development.

Mr. Green: What about the national museum?

Mr. St. Laurent: The national museum would be under resources and development. Mines and technical surveys would have the responsibility of securing the samples, but the displaying of those samples in the national museum would be the responsibility of resources and development.

Mr. Green: What about the dominion observatories?

Mr. St. Laurent: The dominion observatories would be under the Department of Mines and Technical Surveys. No decision has been arrived at as yet, but in that case also some of the stations that are now operated by the Department of Transport may have to be transferred. The portion which is a service department for the public we would endeavour to concentrate in the Department of Mines and Technical Surveys

Mr. Green: Then I asked about the dominion coal board, the national research council, the atomic energy control board and Canadian Arsenals Limited.

Mr. St. Laurent: The national research council is not part of a department. The chairman is a minister especially designated by cabinet, though not as administrator of a department, as chairman of the research council. The same is true of the film board, and there is no present intention of changing the status of the chairman of that board. No consideration has been given the other three bodies yet, as to whether they would remain with the Department of Trade and Commerce or whether they would be integrated with the new Department of Resources and Development. The question has been raised by the Minister of Trade and Commerce himself, who suggested that it might be possible to have those bodies placed with the Department of Mines and Technical Surveys, but there has not been time to go into the matter and reach any decision. In a general way it is the desire to have all these technical services for the information of the public, as to the extent of our resources and how they can be used, under the Department of Mines and Technical Surveys.

Mr. Higgins: Arising out of a remark by the Prime Minister a few moments ago, may I ask if the Indians and Eskimos of Labrador have acquired full citizenship? I know this question is not germane to this discussion.

Mr. St. Laurent: I do not believe they have. I understand that on a reference to the supreme court the Eskimos were classified as coming under the responsibility of the federal government in the same way as Indians. I do not think the situation there is any different than with respect to the others who are the responsibility of the federal government under the same provision of the British North America Act.

Mr. Higgins: I asked the question because on Thursday another question was answered for me by the Minister of National Health and Welfare. I asked:

What medical services have been provided for the Indians and Eskimos of Labrador?

The answer was:

While the federal government has given some assistance in emergency cases, provision of medical services for the Indians and Eskimos in Labrador has been and has continued to be the responsibility of the Newfoundland government.

That is rather contradictory, in a way. While I do not expect an answer, sir, I thought you might perhaps clear it up.

Mr. Graydon: May I suggest to the Prime Minister that it might clarify things if, before the second reading of the bills, the Prime Minister or his department could make some sort of chart showing the various branches that will come under each of these departments. From one remark the Prime Minister made, I take it that these decisions have not all been made, and that may be a bar to what I suggest. It would be of considerable help to the members generally, who have to deal with the branches from time to time, if they knew exactly which minister had charge of these things. It is embarrassing to go to the wrong department.

Mr. St. Laurent: I do not think it would be helpful to do it at this time because it is in too tentative a form. When the bills are being proclaimed, there will have been orders in council published under the transfer of duties act which will establish quite clearly what the distribution is. Perhaps at that time it would be possible to give charts or statements that will be informative, and that will not likely be interfered with at an early date.

Mr. Graydon: Perhaps those could be distributed to individual members.

Mr. St. Laurent: Whenever that is done we will, of course, be tabling the orders in council, because we have to table all orders in council made under the transfer of duties act. When tabling them, I believe it will be possible to have them accompanied by charts that will be available to all members.

Resolution reported, read the second time and concurred in.

Mr. St. Laurent thereupon moved for leave to introduce Bill No. 214, to amend the Salaries Act.

Motion agreed to and bill read the first time.

TAX AGREEMENTS

AMENDMENT OF DOMINION-PROVINCIAL TAX RENTAL AGREEMENTS ACT, 1947— INCOME TAX

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

That it is expedient to introduce a measure to amend section seven of the Dominion-Provincial Tax Rental Agreements Act, 1947, which provides for payments to the provincial governments in respect of income tax collected from corporations whose main business is the distribution to or the generation for distribution to the public of electric energy, gas or steam, to reduce deductions made in computing the amounts payable for provincial corporation income tax imposed by the provinces who have not entered into tax rental agreements and otherwise to assist in computing the amounts payable.

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

Mr. Sinclair: This resolution seeks authority to introduce a short bill to amend the

Dominion-Provincial Tax Rental Agreements Act of 1947. The amending bill will refer to only one section in the act, section 7, under which the federal government and the provinces agreed, in respect of those public utilities engaged in generating or distributing electrical energy, gas or steam, that half the federal corporation tax received from them should be returned to the provincial governments.

According to section 7 there should be deducted from the provinces' half share any increase in royalties or licences which the provinces charged to the power companies after January 1, 1947, when these agreements came into effect, or any new royalties, taxes, or rentals which were imposed on the companies after January 1, 1947, and any taxes levied directly by the provinces on those power companies. Exempt, however, was the five per cent corporation tax which the federal government collects for the provinces under the dominion-provincial taxation agreement. No provision was made, however, to extend that provision to the corporation taxes levied by the provinces which had not signed the agreement. One of the clauses of the amending bill will permit the provinces who did not sign the agreement to be given credit for an equivalent amount of five per cent, so that the deduction will be made to the extent that the provincial corporation tax exceeds the five per cent cent levied by the signing provinces.

In other words, this will be a considerable benefit to the two provinces which did not sign. It will give to them the same benefits as those received by the signing provinces.

The second amendment refers to section 7 also, subsection 4. It was intended to apply this special concession only to those companies engaged in the distribution of power to the public. It was not intended to cover, for example, large industrial corporations such as a smelting company or pulp and paper company which had a wholly-owned power company as a subsidiary selling its power output entirely to the parent company. That was regarded as a normal corporation whose corporation tax would go direct to the federal government. Subsequently it was found that there are public utility corporations in this country which have a somewhat similar set-up under which one subsidiary actually generates the power and the parent company or another subsidiary sells the power to the public. Under the wording of subsection 4 the taxes from these subsidiaries would not be shared by the provinces. It was felt that was unfair, so subsection 4 of section 7 is being changed so that the provinces will receive five per cent of the tax collected from either the subsidiary or the parent company, so long as it is engaged in selling or distributing power to the public.

The third part of the bill provides for returns and special information necessary for the proper administration of the section, and provides for the extension of this measure to cover the province of Newfoundland.

Mr. Macdonnell (Greenwood): May I ask the parliamentary assistant whether this proposal has been discussed with the two provinces concerned? Do they regard it as equally beneficial?

Mr. Sinclair: Yes, I am informed that the finance ministers of the ten provinces are agreeable to this amendment because it means more revenue for them than was provided when they actually signed the agreement. The two provinces that did not sign are now put on an equal footing with the signing provinces. Under the present act Ontario and Quebec, instead of getting their seven per cent of the corporate tax deducted from their fifty per cent of the federal corporation tax, will now have only the excess of their rate over the five per cent rate levied by the other provinces so deducted. There will now be a deduction of two per cent, that is the excess over five per cent which is allowed the other provinces.

Mr. Macdonnell (Greenwood): I have no doubt the parliamentary assistant is right in his feeling that, as reasonable men, they would be bound to accept it. Nevertheless, I am interested in knowing whether this actual proposal has been discussed with them.

Mr. Sinclair: I am informed that the proposal has been discussed with the finance ministers of the provinces. That is the information I was given.

Mr. Browne (St. John's West): The parliamentary assistant made reference to New foundland. I understand that negotiations are pending for the signing of an agreement between the government of Newfoundland and the federal government. I know that a bill has been introduced in the legislature in St. John's. To what period will this bill apply? Will it apply to past time?

Mr. Sinclair: I believe the various dates in connection with the laws of Canada and Newfoundland were covered by the statute passed last spring. Perhaps I should not speak on this matter, but I would imagine that it would date back to the time that Newfoundland actually entered confederation. As to the other provinces, this covers the period from the date of January 1, 1947, until the end of the present dominion-provincial tax

agreement on December 31, 1951. As to Newfoundland, this bill will only include Newfoundland in the same way as have been the other seven provinces which have already signed.

Resolution reported, read the second time and concurred in.

Mr. Bradley (for Mr. Abbott) thereupon moved for leave to introduce Bill No. 215, to amend the Dominion-Provincial Tax Rental Agreements Act, 1947.

Motion agreed to and bill read the first time.

HOUSING

RENT CONTROL—REFERENCE TO SUPREME COURT—TABLING OF ORDER IN COUNCIL

Right Hon. L. S. St. Laurent (Prime Minister): Might I ask, Mr. Speaker, that the house revert to motions for the purpose of allowing me to table an order in council which the hon. member for Lake Centre (Mr. Diefenbaker) asked for yesterday and which I undertook to lay on the table as soon as I could procure it. It is an order in council making the reference to the Supreme Court of Canada with respect to the jurisdiction of parliament in the field of rent control for the period now provided for in the existing legislation or orders, and for such further period as parliament may deem to be required to bring about an orderly decontrol.

The hon. member for Lake Centre asked if, before December 1, an opportunity could be provided for discussion on the terms of this order because, the reference having been made to the supreme court, one of the hon. justices of that court is to hear counsel on December 1 in order to give directions as to how the reference is to be proceeded with. The hon. member for Lake Centre wished to have some opportunity to make his views known and to provoke some discussion on the reference before the order goes before a justice of the supreme court.

The matter has been given some consideration, and it has been felt that we could give this opportunity for discussion by moving, at eight o'clock on Monday night, to go into committee of supply and by calling in committee of supply item 92 of the estimates, which is the item dealing with the administration of the wartime prices and trade board. At that same time we would ask also to introduce the other departments which have not yet been called, so that those estimates can be dealt with whenever there is an opportunity for that to be done. If it were satisfactory to hon. members we could move, at eight o'clock on Monday night, to go into committee of supply and, as soon as the Speaker has left the chair, we could call item 92 for the purpose of providing the opportunity asked for by the hon. member for Lake Centre, to discuss the terms of this order in council before it goes before a judge of the supreme court.

Mr. Green: Did I understand the Prime Minister to say that he would then ask to have all the remaining departments put in?

Mr. St. Laurent: Yes. There are only three other departments; and I think that at this time they should be in a position to be dealt with. They cannot be dealt with on Thursday, Friday or Saturday unless they have been called on Monday, Tuesday or Wednesday.

PENSION FUND SOCIETIES ACT

AMENDMENT TO EXTEND PROVISIONS TO SUBSIDIARY CORPORATIONS

The house resumed from Friday, November 25, consideration in committee of Bill No. 174, to amend the Pension Fund Societies Act—Mr. Bradley—Mr. Dion in the chair.

On section 1—*Subsidiary corporations.*

Hon. F. G. Bradley (Secretary of State): Yesterday afternoon the hon. member for Greenwood made an inquiry as to the construction to be placed on a phrase in the original pension act of 1887 as re-enacted in the Revised Statutes of Canada. The phrase occurs in section 3. The question is as to the meaning of the words:

> . . . of any corporation legally transacting business in Canada, under any act of the parliament of Canada.

One's first mental reaction to that phrase is that it would include companies obtaining a charter from this parliament or companies whose charter was based upon the Companies Act. I think that has been the general impression down through the years. I have made some inquiries, and there is no indication of any application ever having been made to include either a provincial or a foreign corporation within the provisions of the act. The list of corporations which have taken occasion to avail themselves of the privileges of this act includes corporations who either have special acts of their own or who are incorporated under the Canadian Companies Act. For the most part, they are banks. Altogether there are twelve of them. Just what is included in that phrase, I would not undertake to say at the moment. It is a legal question which I presume will have to be answered by the courts should ever the occasion arise. But the act seems

to have travelled along for more than half a century without the question ever having arisen. The present bill does not in any way interfere with that phrase at all, the only effect of the provisions of the amendment being to include the employees of any subsidiary of a corporation having obtained a charter within the benefits of this act, without the necessity of forming another pension fund society.

Mr. Macdonnell (Greenwood): I thank the minister for his answer, and that is all I have to ask.

Mr. Green: Would there be any objection to putting on *Hansard* a list of these parent corporations, which are taking advantage of the act?

Mr. Bradley: I shall read them.

Mr. Green: Could they be put on *Hansard*?

Mr. Bradley: Yes, I am quite willing to put them on *Hansard*.

Mr. Green: One other question: Is there any serious objection by the minister's department to having subsidiary corporations, which are incorporated under provincial acts, included in the terms of the act?

Mr. Bradley: I do not think I can undertake to answer that question just now. It occurs to me that it is purely a legal question which would have to be answered by the courts.

Mr. Green: The minister's department has no objection?

Mr. Bradley: At the moment I do not know of any objection.

Mr. Green: Could we have the list?

Mr. Bradley: Yes. The list follows:

Pension Fund Societies on Record in the Department of the Secretary of State

Name	Year
1. Bank of Toronto	1889
2. Banque Canadienne Nationale (formerly Bank of Hochelaga)	1916
3. Barclays Bank (Canada)	1940
4. La Caisse d'Economie de Notre-Dame de Quebec	1912
5. Canada Packers Ltd.	1939
6. Canada Starch Co. Ltd.	1941
7. Canada Steamship Lines Ltd.	1940
8. Consolidated Mining & Smelting Co. of Canada Ltd.	1940
9. Eastern Townships Bank (no longer in existence)	1889
10. National Breweries Ltd.	1941
11. Royal Bank of Canada	1935
12. Royalite Oil Company Ltd.	1949

Section agreed to.

Bill reported, read the third time and passed.

Export and Import Permits

EXPORT AND IMPORT PERMITS

AMENDMENT TO EXTEND LIFE OF ACT UNTIL JULY 31, 1951

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 143, to amend the Export and Import Permits Act.

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, hon. members will recall that the Export and Import Permits Act was enacted in 1947. It was amended in 1948. Section 14 of the amending act provided that the act would expire on the 31st of March, 1950. The present bill seeks an extension of the act until July 31, 1951. The bill was introduced in the Senate and was considered at some length by the banking and commerce committee of the other place.

I might give a short explanation as to the reason for the choice of the date, July 31, 1951. The bill, as introduced in the Senate, provided for an extension of two years. When it was discussed in committee there a question arose about granting an extension for one year. It became evident in the discussion of that point that an extension for one year only—that is, an extension to March 31, 1951—would necessitate a further amending bill in the next session of parliament. It was thought that difficulty could be advantageously overcome by making the time of expiry of the act July 31, 1951, so that if it were desired again to extend the act the amending bill would not have to be brought in until the second session from the present one.

Originally the main purpose of controlling exports under the act was to ensure that commodities in short supply were available for domestic consumption. To a limited but constantly diminishing extent this purpose is still valid, particularly in the field of building products, if we are to maintain the high level of construction in this country. It is apparent now that the main purpose of the bill is that having to do with strategic considerations, and that is the main reason for the export permits at the present time.

It is essential that the government be responsible for the destinations to which arms, munitions, implements of war, atomic energy materials and other materials of like nature are shipped, and that is the main purpose of export control at the present time.

It will be noted that in the earlier years of the act there were some 542 items under export control. At the present time there are 137 items under export control. I might say that in effect the number of items is really considerably less than that because included

in the list are items that we normally do not produce in this country for export. They are of a kind that we import from the United States. Because of their strategic importance I think it is apparent to all hon. members that we would not wish to have them other than under export control, even although we do not produce them ourselves. An excellent example of the type of item I am talking about in that category is carbon black. It is not produced in this country, and yet it is included under export control to ensure that United States carbon black is not exported from this country.

With respect to continuing the authority for import control, the list has been reduced from 67 items under control to 5. It is necessary mainly because of our international commitments. An example of that is tin under the combined tin allocation committee, and rice under the food and agriculture organization.

Mr. Green: What were the other three?

Mr. McIlraith: The items under import control are powdered milk, two items of rice, tin, scrap iron and steel. These are the five items under import control.

Mr. Macdonnell (Greenwood): May I ask a question? Would it be correct to say that the Export and Import Permits Act in the main now deals with materials having a strategic significance? Would that be a correct statement?

Mr. McIlraith: Yes, that is a correct assumption. There are still a considerable number of items other than strategic materials under export control, but they are constantly being removed from export control. The statement made by the hon. member for Greenwood is correct.

Mr. Macdonnell (Greenwood): Can we take it that from the point of view of ordinary business considerations the act is on its way out, but that strategic considerations keep it in? Is it a fact that only a year and half is being suggested because we hope that we may within a measurable time get rid of it? Is that a legitimate inference to draw from it, or is it, as a matter of fact, so far as the government can say, that they hope to have it continued indefinitely?

Mr. Howe: The legitimate assumption is that we will get rid of it. That is why we keep it on a temporary basis. As my hon. friend says, its application to commerce is coming to an end.

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

[Mr. McIlraith.]

On section 1—*Expiration.*

Mr. Green: Mr. Chairman, the parliamentary assistant said that this act was required in order to control the export of war materials. Is there some other method by which the export of these materials is controlled? It seems to me that some years ago, in fact before the war, a bill was passed by the house which gave the government some authority over the shipment of war materials. That was a very live subject at the time. There were quite extensive debates, and I think the bill was in the shape of an amendment to the Customs Act, although I am not quite clear on the point.

Mr. McIlraith: No, I think the discussion to which the hon. member refers was on the 1948 bill amending this act. The act as originally introduced in 1947 did not include all the strategic materials provisions which are now in it. In 1948 the amendment did two things: it added the clauses with respect to shipments to certain areas for strategic reasons, and extended the term of the 1947 act. If my memory serves me correctly, it would be the discussion on that bill the hon. member has in mind.

Mr. Green: The measure I have in mind was brought in about the time arms were being shipped by some countries to Spain. This was during the civil war in Spain, and considerable debate took place in the house about that time. I believe some legislation was passed which gave the government a measure of control over the shipment of arms.

Mr. McIlraith: I am not aware of the legislation the hon. member has in mind, if that is so. All the export of strategic materials is now controlled through the granting of permits under this act.

Mr. Green: The parliamentary assistant has said that this act will be allowed to expire. Probably it will be allowed to expire in 1951.

Mr. Howe: I did not say that.

Mr. McIlraith: The statement was as it affects ordinary commerce. The question of the hon. member for Greenwood was directed to export control in terms affecting ordinary commerce, and the reply was also limited to that.

Mr. Green: The intention is in future to control the export of munitions of war and strategic materials under this act?

Mr. Howe: There are international arrangements on that subject between the United States, Great Britain and Canada. It is known as area control, where certain materials—

and there are three lists, I believe, with different grades of urgency—are controlled for shipment to particular areas. While I believe it will not be necessary to extend the commercial application of this act beyond its expiry date, it is quite possible that the area control will be required. That depends upon international tension, and the maintenance of area controls by other governments.

Mr. Green: It is important that the government of Canada should have power to control the shipments of munitions of war to another country. Will that power be maintained under this act?

Mr. Howe: It is maintained under this act. When this act disappears, some other arrangement may be made to continue that control.

Mr. Green: The provision in the Customs Act to which I referred a few moments ago is section 290 which will be found in chapter 24 of the 1937 statutes.

Mr. Isnor: I should like to ask a question in connection with the commercial aspect of the matter as it relates to imports, rather than exports. Has this bill anything to do with permits for the importation of equipment, including machinery and the like?

Mr. McIlraith: No.

Section agreed to.

Bill reported, read the third time and passed.

NATIONAL TRADE MARK

APPLICATION TO COMMODITIES—TRUE LABELLING AND DESCRIPTION

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 133, respecting the application of a national trade mark to commodities and respecting the true description of commodities.

Mr. Graydon: Would the minister make a statement?

Mr. G. J. McIlraith (Parliamentary Assistant to the Minister of Trade and Commerce): Mr. Speaker, this bill respecting the application of a national trade mark to commodities and respecting the true description of commodities was introduced in the Senate at the last session of the 20th parliament. It was dealt with by the banking and commerce committee of the Senate at that time, at considerable length. Some slight amendments were made in the bill as introduced. It was then passed by the Senate through all stages, and was on the order paper in this house when parliament dissolved.

It was reintroduced at this session in the Senate in precisely the form in which it had been passed by the Senate at the previous session. The bill has been considered and passed by the Senate without further amendment. It was referred to their committee on banking and commerce at this session, but required to be dealt with only briefly.

The bill itself relates to three subjects, the first of which is the use of the words "Canada standard" or the initials "C.S." as the national trade-mark, following the establishment of commodity standards; secondly, the accurate labelling of commodities; and, thirdly, it provides for the repeal of the Dominion Trade and Industry Commission Act of 1935.

Hon. members will recall that an attempt was made to deal with the subject matter of this bill with the passing of the Dominion Trade and Industry Commission Act in 1935. That act dealt with other matters which are unrelated to the present bill. However, the provisions of the Dominion Trade and Industry Commission Act which related to the national trade-mark, the establishment of commodity standards and true labelling were transferred to the Department of Trade and Commerce in March, 1947.

Experience has shown that the legislation is defective and unsatisfactory for the purpose originally intended. I will refer to these defects in dealing with the particular subjects contained in the bill. The new bill provides a basically new approach to the problems involved and will establish a framework within which these problems can be administered.

There is active business interest in this type of legislation. This is evidenced by the fact that a large number of requests have been received by the Department of Trade and Commerce from manufacturers, distributors, or consumer organizations for the issue of regulations, either with respect to the use of the national trade-mark or to true labelling. Applications have been put forward for the right to use the national trade-mark, but the greater number of the more pressing requests deal with commodities in regard to which more adequate labelling safeguards are desired. I may say that the issue of regulations in response to the requests that are now in hand has been held up by the department, in some cases because the investigational work required has not been completed, but also on the more important ground that the existing legislation has certain defects and does not provide adequate safeguards.

It is not considered that there will be a very rapid development or growth along the

development of the use of the national trade-mark. Indeed, it is desirable that this be so, in view of the fact, as hon. members will appreciate, that great care and thorough investigation of each application must be made before the right to use the national trade-mark on any product is granted. It is believed that there will be a real advantage to both the domestic and the export trade in the voluntary adoption by Canadian firms of the use of the national trade-mark under conditions that will properly safeguard the quality of the goods to which the mark is applied.

It should be clearly understood that the use of the national trade-mark by any industrial or commercial firm is wholly voluntary. It is not intended in any way to supersede or interfere with the use of privately owned trade marks, which have been long established or widely known, and represent assets of great value to the individual firms or companies to which they belong. If, however, any firm or company wishes to make use of the national trade-mark, it may do so only on the condition that its product conforms with an approved specification or standard. The extent to which its use will increase depends completely upon the extent to which business firms desire to have a national mark used on their products.

Under the old Dominion Trade and Industry Commission Act, the minister had the power to regulate the manner of using the mark, but he had no power to prescribe the terms and conditions of use. Further the governor in council had no authority over the national trade-mark. It is felt that all regulations governing the manner of using the national trade-mark, and prescribing the terms and conditions of its use, should be those of the governor in council instead of the minister as it was in the old act. These changes are effected by the present bill.

Further, under the existing legislation, once the right to use the mark had been granted there was no provision whatever for cancelling or withdrawing the right to use it if the right was abused. Under the present bill the governor in council is enabled to make regulations prescribing the circumstances in which the right of any person to affix the national trade-mark to any commodity or container may be either terminated or suspended. The importance of this safeguard will, I think, be self-evident. The potential value of the national trade-mark lies in its recognition in both domestic and export trade as a virtual guarantee of quality.

The establishment of commodity standards is a corollary to the establishment of the

[Mr. McIlraith.]

national trade-mark. Under the old legislation mandatory standards or specifications may be set up for any commodities, regardless of whether or not it is intended that the national trade-mark be applied to them. In this respect the bill we are now considering makes an important change. The authority to establish a standard or specification for any commodity applies only in the case of products on which the right to use the national trade mark is being sought. Consequently, the standard or specification that may be established for any given product will be mandatory only on those firms applying the national trade-mark to such projects. There will therefore be no compulsory specification or standard that must be observed by firms which are not making use of the national trade-mark.

With respect to the second main part of the bill, the true description of labelling of commodities, it will be noted that the provisions of the present bill are not as wide as those of the existing legislation. In the Dominion Trade and Industry Commission Act there is power to compel descriptive labelling virtually without restriction. The regulations under the new bill will be mandatory only in the sense that if goods are described on labels they must be labelled accurately and in a manner that avoids public deception. The principal point to be emphasized in this connection is that regulations can only prescribe the manner of labelling if goods are labelled for the purpose of indicating the material content or quality of the commodity or the size or contents by weight or measure of the package or container.

If any individual manufacturer wishes to put out a product without marking or labelling or describing it in advertising for the above purposes, he may still do so. If he does label it, descriptively, for any of these purposes he must label it accurately. The purpose of the bill may be simply stated as follows: In establishing a national trade-mark, it is proposed that this shall be on a voluntary basis only, and the necessity of complying with commodity standards affects only those manufacturers or others who desire to use the national trade-mark. Where manufacturers descriptively label any commodity or container, it must be labelled accurately to prevent public deception.

I might add that when the bill was in committee in the other place there was a rather thorough examination of it, and representations were heard from the retail federation of Canada, the Canadian Manufacturers Association and the Canadian association of consumers.

Mr. J. A. Charlton (Brant-Wentworth): Mr. Speaker, as to this measure I think I can safely say that I thought I was in thorough agreement with the broad principles of the bill, but after listening to the parliamentary assistant's description of it I do not know whether or not I am. We will not argue the fact that we should have a high standard of quality for any goods to be sold in Canada or to be exported. With that proposition we are in agreement. There is also no argument as to the true labelling of goods, but when the parliamentary assistant says that no compulsion is provided in the bill for the labelling of goods for export, I do not know whether I can go quite that far. I think probably there should be some compulsion whereby exporters of goods from Canada would have to meet certain requirements as to standards of quality and these other things. We are all seriously interested in the quality of goods exported from this country, because in order to hold our markets we must see that the quality is such that it will meet the demands of consumers in these countries.

The parliamentary assistant did not say what products the bill would deal with. I am going to say very little, as a matter of fact, but I want to look at the question from the standpoint of agriculture. If the bill has anything to do with agricultural products I want to say a few words about it. We are dependent on export business for the disposition of practically all our agricultural products. In order to secure that export business we must produce a quality that is in demand in the countries to which we sell. If we do not do so, we cannot expect to get the business.

So far as agricultural products are concerned, I may say quite frankly that I do not like the words "Canada standard" or the letters "C.S." The letters "C.S." might mean anything. The words "Canada standard", in my opinion, would mean quite ordinary or average. We certainly do not want products being exported from Canada marked with words that mean no more than ordinary or average. That is particularly so in the case of canned products. They are now graded, and the lowest quality of canned products is referred to as the standard grade. The word "standard" implies that the products are of average or ordinary quality. I do not think it is good enough for us to use such words as a Canadian trade-mark for goods that are being exported or that are being sold in the domestic market. I do not know what other word I would use, and I would not want to suggest one. Surely there should be some better word than "standard". Even though this bill has passed through all stages in the other place, I believe the government should give us an undertaking that it will be sent to an appropriate committee of this house to be further discussed and studied before it passes this chamber.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to support this measure which is to replace sections 16 to 19 of the Dominion Trade and Industry Commission Act of 1935, which is repealed by section 9 of this bill. I believe this is a good move. I was very glad to hear the parliamentary assistant say the government intends to adopt a new approach to this problem. The act apparently has been inoperative for years, and I am glad to see some evidence that it is the intention of the government to develop this type of legislation.

Before proceeding with my remarks let me say that after reading the trade and industry act of 1935 and knowing the situation in regard to the enforcement of legislation of this kind, I fully appreciate that the machinery and procedures have to be developed rather slowly, and as the result of producer and consumer support. Up to the present time we have done very little in Canada along these lines, as compared to what has been done in the United States. There, through the activities of the federal trade commission, a great deal has been done to develop national standards and the true labelling of commodities. This, I think, is evidenced by the number of investigations and prosecutions that have been conducted by the federal trade commission in recent years.

I understand that originally the federal trade commission of the United States was set up to stop unfair practices in competition and to protect the trade rather than the public. After some years of experience this was found most ineffective, and changes had to be considered.

It was not until 1938 that the United States government legally recognized the need for protecting the public as well as business interests; and I presume that in our legislation there is to be protection for the public as well as for business. This change came about in the United States as a result of the dispute between the federal trade commission and the manufacturers of a weight-reducing remedy which was found to be injurious to health. That company won its case before the supreme court of the United States on the ground that while the weight-reducing remedy might have been injurious to many customers, it never hurt a competitor. Since claims made by the competitors were equally false according to the law, this hair-splitting decision was technically correct, and I understand that was the cause of a new approach

to the problem by the commission. The court ruling in that case, which prevented the federal trade commission from proceeding against one manufacturer because all in that field were dishonest, showed the absurdity of the situation and the need for some change in the law.

As a result of that decision the Wheeler-Lee amendment was passed giving the federal trade commission power to act in the public interest as well as in the interests of business. The adoption of this amendment had a great effect upon the advertising and labelling of commodities in the United States. Since that time the commission has done a great deal of work in this connection. According to the figures I have been able to obtain, last year its staff examined some half million advertisements in newspapers, magazines and other periodicals, of which number some 25,000 were noted as containing representations apparently false or misleading. In addition over a million radio continuities were examined, and some 20,000 violations of the law were determined by the federal trade commission. As far as I can discover, during the same period of time in Canada only one violation of the law was dealt with, as compared with more than 20,000 violations in the United States.

This action in the United States was supported by many newspapers, and I mention this because I think it only right to give credit where credit is due. The *Christian Science Monitor* has been a great advocate of the setting up of fair standards for the manufacture of goods, and the true labelling of those goods in that country, and has consistently supported the efforts of the government in that direction. It was the first national newspaper to emphasize the harmful effect of false advertising on all mankind, and to reject such advertising for this reason rather than because it was damaging honest business.

At this point I should like to say that when this legislation is passed and the government begins to develop its procedures and to gain experience in administration, I trust the newspapers and magazines of this country will give similar support to all measures taken to improve standards and bring about true labelling. In Canada investigations and prosecutions concerning manufacturing and labelling have been far fewer than in the United States, except with regard to the inspection of primary and farm commodities, those commodities which provide the purchaser in the first instance with greater opportunity to know whether he or she has obtained the goods desired. The housewife knows she is purchasing beef. It may be a bit tougher than she anticipates; it might be B instead of A, but she knows it is beef. The same can be said about pork, and the same can be said about lumber. A man knows he is purchasing lumber. He may not be certain of the grade, but at least he can tell that it is lumber. When it comes to bottled or canned commodities, however, very often the purchaser has no conception of what he is buying.

In Canada we have developed an effective method of inspection and grading with respect to primary products and farm commodities, but so far we have done little that has been effective with respect to manufactured products. For instance, under the Livestock and Livestock Products Act we have the inspection of stockyards, livestock, livestock products and poultry production. Under the same act we have inspection of hogs, carcass grading, grading of bacon for export, branding of beef, grading of lamb and mutton carcasses. We also have regulations respecting stockyards, the export of dairy cattle, the grading of unwashed fleece wool, dressed poultry, and the grading, branding and marketing of canned poultry. Under the Meat and Canned Foods Act we have inspection of meats, meat products, horse meat, fish and shellfish intended for canneries. Under the Dairy Industry Act we have inspection of milk, cream, condensed milk, evaporated milk, cheese, ice cream or any other article manufactured from milk or any imitation thereof. Under the Fruit, Vegetables and Honey Act we have regulations for the grading and inspection of fruits, vegetables and honey. Under the Meat and Canned Foods Act we have regulations for the grading and inspection of canned fruits and vegetables. Under the Maple Products Industry Act we have regulations for the grading and inspection of maple products. Under the Seeds Act, 1937, we have regulations for the grading and inspection of seeds. Under the Feeding Stuffs Act, 1937, we have regulations for the branding and inspection of feeds manufactured for consumption by livestock. Under the Inspection and Sale Act, 1938, we have regulations for the grading and inspection of flax fibres. Under the Hay and Straw Inspection Act, 1933, we have regulations for certain standards and inspection. Under the Fertilizers Act we have regulations covering the content of fertilizers and for the inspection of the same. Under the Pest Control Products Act we have regulations for certain standards and provisions for commodities coming under this act. Lumber is also sold according to grades and subject to inspection previous to sale, particularly for export.

I want to emphasize again how far we have developed the inspection and grading of

primary and agricultural products, as compared with the inspection, grading and labelling of manufactured products. I find that the Food and Drugs Act is administered by the Department of National Health and Welfare. This service is supposed to protect the public's pocketbook by assuring the customer that he will receive what he believes he is purchasing in the way of food and drugs.

In the annual report of the Department of National Health and Welfare dated March 31, 1948, it is stated that the inspection service of this department reviewed 7,961 radio programs, 2,137 labels and 395 pieces of advertising material. According to the report, after all this examination one prosecution was launched and a conviction obtained. During the same period in the United States, under similar but more advanced legislation, approximately 20,000 definite violations of the law were determined. I think that in itself, Mr. Speaker, is evidence that in this country we lag behind the United States with respect to legislation of this type.

I find also that the Department of National Health and Welfare has a laboratory service which has given some consideration to cosmetic chemistry. I find in this report they have given some study to the analysis of face powders, vanishing creams, and so on. A number of reports from the public regarding violations of the law were received, but apparently there have been no prosecutions to date.

The same department investigates pharmaceutical chemistry. The report says that the Winnipeg laboratory made a valuable survey of headache products including some 80 samples of these products collected throughout the territory. According to the report only 45 fully met the requirements, yet there is no evidence of any prosecutions. A noteworthy collection of ointments was analysed in Montreal, which revealed a considerable amount of misbranding.

Then, with respect to the administration of the Proprietary or Patent Medicine Act which, I believe, is an important act, the report states that the annual production of patent medicines in Canada for the year 1945 amounted to $60,330,928. Now that is an amazing amount of the Canadian consumer's dollar which is being spent upon what a good many of the members of this house consider pure trash. I believe it is necessary for any government to do all it possibly can to protect the consumer.

Effective action along these lines, according to reports issued by the United States government, has been taken for a number of years but in Canada we have done very little. Under the legislation existing in the United States, the federal trade commission has investigated hundreds of thousands of products and the question of labelling those products. According to the best evidence obtainable not very much of that sort of work has been undertaken in Canada. I could not obtain evidence of the sort I have mentioned in Canada, but in the United States there are some illustrations of the junk which is on the shelves of the stores. Many of these brands are in Canadian stores and should not be purchased by Canadian people without full knowledge of the facts.

I intend to give a few illustrations of the findings of the federal trade commission of the United States and others throughout the years concerning these commodities, many of which can be found for sale in Canadian stores. I shall deal with the subject under various heads. There are 7 brands of castile soap which, when analysed, were found to contain no olive oil at all, although it is supposed to be one of the basic contents of good soap. In the soap chips there was not sufficient naphtha to have any value as a cleansing agent, although according to the advertisements it is supposed to loosen, soften and dissolve dirt. The best soap can be sold at 20 cents a pound.

Then we come to drugs. I am taking the time of the house to put this matter before the government, because I believe it is important. What about Murine eyewash? You see it advertised quite often. Chemical analysis showed Murine to be essentially a solution of borax in water with a trace of berberin or some golden seal preparation. Furthermore, the formula was found to change from time to time. If you bought your own borax and mixed it with water, it is estimated you could make about a gallon of Murine for five cents. In the container in which it is sold it costs you $1 an ounce, $16 a pint, or $128 per gallon.

The next product with which I wish to deal is Doan's kidney pills. The government of the United States has declared that the claim of this nostrum to cure kidney disease is false and fraudulent, and the courts have upheld the ruling.

I know a good many people who are in the habit of purchasing Nuxated Iron. A dollar bottle of Nuxated Iron was found by the chemists of the American Medical Association to contain less than 2½ grains of iron. The claim that Nuxated Iron possesses great advantages over other forms of iron is the sheerest buncombe.

Then we come to this well-known mother's remedy, California syrup of figs. I know dozens of people who have purchased that

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with the idea they were purchasing a concentrated syrup of figs. Upon analysis it has been shown that it contains no syrup of figs whatever but is a sweetened syrup of senna.

I turn now to a very old remedy called Peruna. When I was a boy I remember people purchasing this remedy, although perhaps not for the advertised purpose. It has been declared to be a fraud.

I shall now deal with Phillips' milk of magnesia which I have been fool enough to purchase on occasion. We find that the claims made for Phillips' milk of magnesia are absolutely false, and that it does none of the things which the advertisements claim. Phillips' milk of magnesia toothpaste makes the same anti-acid claims as do other dentifrices using milk of magnesia as a base. No alkaline dentifrice can cause the secretions of the mouth to remain alkaline for more than a few moments at a time, hardly long enough considering that the average person uses a dentifrice for but a few minutes a day. This nostrum, therefore, would prove ineffectual even if acids caused tooth decay.

Then I come to Sal Hepatica, that well-known remedy which can be found on the shelves of most drug stores. The federal trade commission declared that Sal Hepatica is not the mineral salt laxative that "corrects acidity"; enables you to "stop that cold instantly"; keeps you "clear-headed, alert"—your healthy normal self; regulates "the balance of body fluids"; frees the intestinal tract of "poisons and toxins"; effectively treats indigestion, fatigue, nervousness and headaches. All those claims were found to be incorrect, and so far the manufacturing company has not appealed the order.

Then we come to that almost historic remedy, Carter's little liver pills. The advertisements seemingly attempt to frighten the readers by representing that constipation poisons the body. The cold truth is, according to the commission, that neither medical nor scientific experts can find any ingredient or combination of ingredients in Carter's little liver pills which will have any influence at all, good or bad, on the liver.

The next is that well-known product Listerine, which is widely advertised. The claims made for Listerine as a mouthwash are just as ludicrous as those made for the tooth paste. Incidentally, the tooth paste does not contain Listerine, which is just as well since it is of no value. Even as a dandruff cure it is valueless. According to bacteriologic tests, $495 worth of Listerine has the antiseptic action of one cent's worth of corrosive sublimate, or $15 worth of Listerine equals one cent's worth of carbolic acid.

[Mr. Herridge.]

We come then to Bromo-Seltzer, and possibly some hon. members of this house have sought some relief from headaches by taking Bromo-Seltzer.

The nostrum manufacturers are prepared to spend hundreds of thousands of dollars to avoid using these hated words, which have already caused them headaches that the regular recommended dose of Bromo-Seltzer will not cure. The discovery that continued overuse of these drugs can lead to mental derangement was made not by the federal trade commission only but by the medical profession of the United States. How many people purchasing Bromo-Seltzer in Canada know the facts concerning that advertising quackery?

Then I come for a moment to tobacco. The advertising of tobacco is extensive both in Canada and the United States. What do I find? Among the federal trade commission's twelve charges against Lucky Strike and Lord and Thomas, its advertising agent, is one objecting to the advertisement referred to in this question: "Sworn affidavits show that among the men who know tobacco best, it's Luckies two to one." That was the reason for the action. The commission's complaint denies this statement categorically, saying that there are no records sworn to and verified by such so-called experts which establish that this statement is a fact. In fact, the advertising is a straight falsehood.

Then we come to Camels. The makers of Camels cigarettes assign to William Esty and Company of New York millions of dollars a year to advertise that the smoking of Camels renews and increases the secretion of the digestive fluids, speeds up the flow of these fluids, increases the alkalinity of the digestion, and has a genuinely beneficial, wholesome and helpful effect on the digestive process. The most glowing ads for vitamins hardly dare claim more. Actually, as the beginning smoker learns, tobacco causes nausea which interferes with digestion. The neophyte's system gradually builds up an immunity to nicotine, as it would to arsenic taken in small doses, but his nausea will return if he uses tobacco to excess.

Then one more illustration on tobaccos before concluding with a remark or so on tooth paste. I want to refer to Kools. The manufacturers of Kools have already agreed to stop claiming that their cigarette constitutes a remedy for colds. Their appealing Mr. Penguin is skating on thin enough ice with the federal trade commission when he implies that Kools are cool. The commission's stand is that a claim like "Always cool under fire" is false on its face because all burning tobacco emits heat.

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Then we come to a few illustrations of tooth pastes, powders, liquids and so on. As to the makers of Ipana, the federal trade commission brands as false and misleading such ads as this: "If you want the kind of smile you can really be proud of, decide today to switch to Ipana tooth paste and gum massage." Beautiful teeth will not ensure either a beautiful smile or social popularity, the federal trade commission asserts, and reminds the makers of Ipana that the beauty of one's teeth depends primarily upon their conformation, colour and other natural physical features, and that a girl who has buck teeth will not become beautiful by using Ipana tooth paste.

Then we come to Forhan's tooth paste. The only value of Forhan's tooth paste, the commission concludes, is as a not unpleasant adjunct to the use of the tooth brush in cleansing the teeth. The paste is in no respect extraordinary and there is no warrant for designating other dentifrices ordinary or common by way of comparison.

Then I come to Colgate's. Brightness and sparkle of teeth depend upon qualities of tooth enamel and those whose teeth lack these qualities will not acquire sparkling teeth by using Colgate's. Nor can tooth decay be prevented by Colgate's, says the federal trade commission. Food particles that remain long enough to decompose will not be removed by Colgate's "special penetrating foam." The federal trade commission insists the special penetrating foam is plain soapsuds flavoured with aromatic oils, not "special" and certainly not "penetrating."

Then as to Kolynos tooth paste. Kolynos claimed that by using their tooth paste teeth became three shades whiter in three days. The South Bend, Indiana, dental society tested this claim with twentieth century shade guide and out of seventy-three tested, seventy-two showed no change whatever. They further claimed that their effervescent tooth paste would kill 190 million germs in fifteen seconds. The federal trade commission claims there is no germicidal agent in existence which can be put into the mouth and which will kill all bacteria to produce a sterile condition. Rather than fight the charges further, Kolynos accepted the federal trade commission's complaint, and mended its advertising ways.

Just a brief reference to vitamins before passing on to paints and concluding with bread, and drawing my final conclusions. I think it is recognized by most people that the vitamin racket is a tremendous one at the present time. In many instances mothers are prevailed upon to feed their children various vitamin tablets in the hope that they are doing the best for them in the building up of sound bodies, sound constitutions and so on. I am not going to take the time of the house to deal with that matter, except to quote from a famous doctor and poet in the United States who I think approached the question in a sensible and common-sense way. Dr. Oliver Wendell Holmes, the physician and poet, once declared:

> A pair of substantial mammary glands has the advantage over the hemispheres of the most learned professor's brains in the art of compounding a nutritious fluid for infants.

I must mention paints. The average householder, the average contractor and the average farmer purchase paints at the present time without any knowledge whatever of actually what they are receiving for their dollar in the way of value. We find various paints advertised at various prices. For my own part, on one occasion I painted a barn red with paint that cost me $3.25 a gallon, and the barn stayed well painted for years. Later I paid $5.75 a gallon for paint for another building; that was for another paint which looked identical, and it is peeling off today. In the matter of substances like paints, rubber roofing and commodities of that kind, I say that we certainly need a Canadian set of standards.

In conclusion I just want to mention the question of bread, because it is fundamental in the diet of the Canadian people. I am not going to criticize the makers of good bread in this country. I am one of those who believe in home-made bread. We have home-made bread in my family and I intend to have it as long as possible. One of the reasons I hope this session will conclude by December 17 is so I can get home-made bread as soon as possible.

There are makers of good bread in this country but there are also makers of extremely poor quality bread found in almost every city. If there is any commodity of whose quality the Canadian people should be assured, it is bread because it is the basic diet of the great majority of the working people of this country. In that connection I am just going to read a brief extract from the *Christian Science Monitor,* of November 12, 1949, because I think it puts in cryptic and brief language the situation as it exists at the present time, and I am sure it expresses the point of view of a good many members of this house. This is what the paper has to say:

> Modern industrialism has ruined American bread. Pick up a loaf in its waxed paper. It's so soft and spongy you can contract it with your hands, mould it any shape you've a mind to. Take off the wrapper and eat a slice. The soft, fluffy centre is like a mouthful of powder puff. The more you eat the hungrier you get. This is what America's staff of life has come to. It's a pretty soft staff . . . Industrial America has glorified

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bread the way Hollywood has glorified the American girl. Man does not live by bread alone, but it is the foundation of our diet, and our sliced loaves of cotton batting are a weak foundation for anything.

What America needs is bread with crust to exercise the teeth and stick to the ribs, bread to strengthen the heart for the tasks which lie ahead.

I mention that, Mr. Speaker, because, in the application of this act and related acts, I think it is necessary that the government do everything possible to make certain in the first instance at least that essential foods, such as bread, are manufactured purely for the use of the Canadian public.

Before ending I just want to mention the question of barbed wire. It comes to my mind because I know hon. members know me to be a peasant farmer. I am not like one of these huge machine farmers on the prairies with his thousands of acres and his thousands of dollars and huge buildings. I am just a small fruit farmer, keeping a few head of stock, who has made his living not by sitting on a rubber-tired combine but by using a mattock, an axe and a saw, and who works with his hands. But just the same, I do use barbed wire to fence in my fields and my pasture. I think hon. gentlemen who are farmers on this side will agree with me when I say that the quality of barbed wire has deteriorated terribly since the war. Previous to the war we got a heavy grade of good barbed wire which would keep a bull out or in if it was properly stretched. For years now we have been buying an inferior grade. We cannot buy a good grade of barbed wire. You dare not stretch it beyond a certain tightness because it will snap. We have a poor quality of barbed wire in this country at this time, and it is sold at a high price. The government should give some consideration to making certain that when a farmer or anyone else buys a commodity such as barbed wire, which I give as an illustration, he will know that he is buying a quality commodity of a certain standard and of a certain value.

I wish to refer to roofing. A farmer often has to put a roof on the woodshed, on the granary, or on an outdoor building of some sort. Today you have no idea what you are buying. On one occasion I was purchasing roofing and I thought I was getting a high quality roofing. It was supposed to be four ply, or something of that sort. I said: "Give me the best; I want it to last as long as possible." I found out later that I could have got exactly the same roofing—one was red and the other was green—at about $2 a roll less. That is the sort of situation that ought to be corrected in this country. Farming people, working people and others should have some confidence in what they are purchasing. There must be, shall I say, a set of standards established with regard to the essential things required in the building of homes, in development of farms and for all consumer needs.

This bill, Mr. Speaker, if it is effectively enforced, means that science has gained another foothold in the fight against misinterpretations and fraud. I say "if effectively enforced". I do not expect to see sudden action in this connection, because I am quite sure it is going to take time to develop public understanding and procedures on the part of the department.

If this legislation is to be effective, not only must the government through the department administer the act and find procedures, but it must get the support of the Canadian people. It is not going to be effective, and cannot be effectively enforced, unless it receives the support of Canadian producers and Canadian consumers, the very active and intelligent support of the Canadian people.

In this connection there is a splendid opportunity for women's organizations, farm women's organizations, women's institutes, Imperial Order of the Daughters of the Empire, the Legion Auxiliary and so forth. Women are particularly fitted for this type of work and for keeping a watchful eye on this type of legislation. There is a great opportunity for women's organizations in this country to assist the government in the enforcement and in the development of this legislation. The same applies to trade unions. The workingmen of this country should be very interested in this type of legislation; so should the farm organizations. When they are aware of the possibilities of the further development of this type of legislation this government will receive the active support of the farmers, the Canadian Federation of Agriculture and allied farm organizations in developing and administering this type of legislation. The same thing applies to co-operatives, and finally to the individual.

I maintain, Mr. Speaker, that a democracy is only as strong as the democracy that exists within it, and the democracy that exists within any country is finally determined by the willingness of the individual to accept some personal responsibility in the administration of the law and the development of our society.

Therefore, Mr. Speaker, I trust that, in the passing of this legislation and in the administration and enforcement of the act, public support will develop to the advantage of the Canadian people. I support this bill, Mr. Speaker, in the hope that the Canadian

papers generally will, as I said before, emulate the *Christian Science Monitor* and other very well-known American papers in effectively supporting the government in the development of this type of legislation. I trust also that it will receive the widespread support of all sections of the Canadian people.

Mr. Green: Is the Minister of Trade and Commerce (Mr. Howe) willing to have this bill sent to a committee as suggested?

Mr. Howe: Mr. Speaker, there is no real objection to it except the circumstances of today. It has been before a committee in the other place where a number of trade organizations appeared and made their representations. It would be a duplication to ask these organizations to come before the committee here. The incidental delay might not be serious if it were early in the session. We should like to get this bill through this session. It was on the order paper last session and it was held over owing to the shortness of time. Therefore I suggest that the discussion take place in committee of the whole and that the bill be passed at this session.

Mr. O. L. Jones (Yale): Mr. Speaker, I rise to support this bill, and I should like to make one or two brief observations. I think every party in this house can compliment the government on introducing the bill, because it is long past due. The protection which it affords is long past due. I suggest to the minister that there should be a provision requiring a manufacturer or producer who asks for a brand to pay fair wages to the workers who produce the article for which the brand is wanted. I believe we should make quite sure that it is produced under the best working conditions possible and, if possible, certified by a trade union that the contents of the package have been produced by fair wages, and fair living and working conditions. I make that suggestion because I think such a requirement should be insisted upon before any brand is given to any firm.

An article can sometimes qualify for the brand when the conditions under which the article was produced could not qualify under the decent standards of living that we are trying to establish in this country. That was amply demonstrated some years ago during an investigation into the working conditions in some of our industries, particularly the clothing industry, and so on. It was proved that the article was good, but the conditions of the people producing the article were deplorable and were condemned wholeheartedly by the findings of that commission. I merely make that remark because I understand another speaker is to follow me and deal with that phase of the question.

National Trade Mark

One other thing I suggest is that the container on which the trade-mark appears shall not be either used or filled again by any unauthorized person. In the part of the country from which I come, the Okanagan valley, we have a product that I have no doubt will qualify for the national trade-mark. In the meantime we have the O.K. brand which is pretty well equivalent to what any other government brand would be. It is well known everywhere that the packages that bear this name are often re-used for inferior quality goods. As a matter of fact, if you care to go down to Elgin street you will find boxes labelled "O.K. Brand Peaches", the very best grown in the Okanagan, filled with apples and tomatoes of rather low grade. That is what I refer to. Therefore, right here in Ottawa, there are people transgressing the method employed by a reputable firm to turn out a good product that they can guarantee. Naturally they expect support from the retailers and consumers in general. The same can be said of many other commodities. I could mention several. It happened especially during the war when certain commodities were in short supply. I refer particularly to a popular sauce from England, which I presume could be purchased in Canada. I saw the container, the bottle in which it originally came to Canada, used over and over again by restaurants all across the dominion. They used the brand name of that particular sauce for a concoction made in their own kitchens, one which was very inferior in quality. So that the label, in that sense, did not mean a great deal.

It is important to protect those people who conscientiously try to live up to the standards which we seek to impose upon them by this bill. When one has done that, and then is victimized through carelessness in the operation of the act, either in the retail or consumer end, we are at fault. I would suggest that there be inserted in the act a section stating that where a container has been used for an article complying with a national standard, and such container is emptied, it be destroyed or disfigured in such a way that it cannot be used again for a similar commodity and so definitely mislead the consuming public.

I would impress upon the minister the responsibility of printers in connection with the supplying of labels. The printing and distribution of labels should be carefully checked. I know that most firms printing labels are reputable, and will sell such labels only to those persons qualified to purchase them. Before a label can be sold to any firm, the firm purchasing such label should produce definite proof that it has the approval

of the government to make the purchase. I say this because during the war one could purchase scotch or rye with almost any label one wished; it was the same bottle, but the label was changed to suit the fancy of the customer.

This has been done in connection with other commodities. Men could be found who were willing to print labels by the thousand for sale to anyone. This included even the printing of government seals in British Columbia. Such labels have been sold to people who bootlegged products of inferior quality under the guise of approval by the provincial government.

Firms purchasing labels should give some definite proof to the printer that they are entitled to such labels. I know this would be difficult to do, because people who print the type of labels to which I have just referred usually do it surreptitiously, and are hard to find. They will operate in basements, or quarters of that kind. I would suggest that labels should be made definitely clear and specific as to the contents of the boxes, bottles or cartons on which they appear. The printing on the label which appears on the container of an article offered for sale should not be so small that the average purchaser cannot read it, or have to use a magnifying glass to see the print. Containers should be clearly marked as to their contents; they should be marked in such a way that anyone looking at a bottle or any other type of container may know the contents without difficulty.

May I next refer to bedding, which I imagine would come under a provision of this kind. For some time we in British Columbia have sought a pure-bedding act. Thus far we have not got it, with the result that bedding unfit for use is being sold in Canada. Some years ago—and not many years at that—the state of Washington passed a pure-bedding law whereby old mattresses could not be resold in any shape or form, with the result that dealers in bedding who usually made some allowance for old mattresses no longer had any use for them. The result was that they had an accumulation of these old mattresses which they shipped to Vancouver. In Vancouver the covers were ripped off and the contents pieced together—not cleaned. The mattresses were recovered with new ticking and sold in Vancouver and other points in British Columbia as new bedding. I know this to be an actual fact.

We should have a strict regulation which would refer particularly to bedding, because I am sure many diseases can be transmitted through the use of uncleaned bedding of this kind, whether it be in the form of mattresses, blankets or other bed coverings. Mattresses should be clearly stamped indicating that the contents are brand new and made according to the specifications required to secure a Canada standard label. Naturally only the best and most reputable firms could secure that brand. I will say however that many firms today using cotton in its raw form, whether in chesterfields or bedding, have adopted a system of their own whereby they affix a label stating that the contents are 100 per cent pure, clean and new. This however is done purely of their own volition.

In my view the act should make provision for the control of advertising. As my colleague from Kootenay West (Mr. Herridge) has just shown, advertising can be ridiculous and fantastic. These fantastic claims continue to be made regarding many commodities one can think of. So clever are the advertisements that their producers are actually in higher brackets of pay than are the producers of the article the advertising agent seeks to sell. The agent is regarded as the more clever.

An article may be all that is desired, it may be pure and come up to all the required specifications; but from the standpoint of selling that is not enough. It must be glamourized; and for its sale one must secure the services of a man who can, as my colleague says, bring Hollywood into the set-up, and sell something that is not exactly what it is meant to be. Any firm practising wrong advertising or making fantastic claims, whether the product meets with specifications or not, should immediately lose its privilege of having the brand assigned to it. This must be stopped, whether it applies to food products, face creams, toilet products or any other articles. It does not matter what the product may be; the practice of truth in advertising must some day prevail, and this could be a first step in demanding that all who receive labels must conform to fair trade practices in their advertising, particularly that appearing in popular magazines.

One can read these advertisements in magazines today where absurd claims are made. Some time ago in England some of the prominent sections of the press, including *Punch* and the *Daily Mirror*, took steps in this direction. The *Daily Mirror* indicated that it would not accept an advertisement for their paper which they themselves could not back up 100 per cent. For that purpose they had their own staff, which scrutinized every advertisement offered to their paper. If it met with their approval, after investigation, the advertiser was given the privilege of continued advertising.

I would appeal to the press of this country to co-operate with the department in making this bill a successful effort to make Canadian products known throughout the world for what they are stated to be on the labels, the contents being of best quality.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have only two brief observations to make, which will not take long. First I feel the government should be assured from all sides of the house that it will have the support of the people of Canada in pushing the use of the trade-mark "Canada standard" as provided by this bill. When the parliamentary assistant was introducing the measure some of us felt it was too bad he could not go a little further in making these standards more compulsory. I think I know the reason, namely, the difficulty we encounter as to provincial and federal jurisdiction under the British North America Act. I take it, however, the bill is based upon the premise that, if the federal government is going to accord to certain producers of goods the right to use a federal trade-mark, the federal government has the right to indicate the standards that must be met in order to use that trade-mark. If that is the case, then the course for the government to follow, under the constitutional division of powers as it now stands, is to popularize and push this trade-mark for all it is worth. It would seem to me, as one product after another meets the standard laid down and is able to use the letters "C.S.", that the people of Canada would be encouraged to want goods that have that particular mark on them, and in turn that would encourage the producers of other goods to try to meet these standards as well.

I remind the government that during the war under the wartime prices and trade board there was what was called, I believe, a bureau of standards. Under price control it became necessary to see to it that the purpose of price control was not defeated by the quality of goods being allowed to deteriorate. Therefore a bureau of standards was set up, and I am sure members of the government know as well as we do that the women of Canada in particular were most grateful for it. They liked the idea, and they came to feel during the war that, whatever else they might have to complain about, when they bought goods with a W.P.T.B. ticket on them they knew there was some supervision and inspection as to the standard of quality of the particular article. I am sure there is widespread support for the principle of the bill, for the institution of this trade-mark, and I hope that it will be pushed by the department. Some improvements have been made in the new bill compared with the previous legislation. It seems to me it has been made more workable, and I hope that it will not be a measure, as the old one was, that will be more or less buried and become inoperative.

The other thing I should like to say has already been referred to by my colleague, the hon. member for Yale (Mr. Jones). In this connection I may say to the minister that I should like to offer an amendment to one of the clauses of his bill when we get into committee. I think it will be in order for me to mention it now in the hope that he will have at least that long to think it over, and be able to accept the amendment I propose to make when we reach the committee stage. As the hon. member for Yale has said, it does seem that, when we give the good name of Canada to products that are produced for sale either within or without Canada, we should be sure that that good name does not cover up poor working conditions. It should be a guarantee that, in addition to the goods meeting certain qualifications and standards, the workers who have been employed in producing them have been paid decent wages and have worked under decent conditions. As a matter of fact, it would seem to me that manufacturers would want it that way. Otherwise it would be possible for one manufacturer, who was paying poorer wages, to get the label or trade-mark by keeping up the quality of his goods when another manufacturer who was paying better wages might not be able to get it.

In case anybody raises the constitutional question, it seems to me that the answer is fairly simple. These working conditions would be put on the same basis as the other conditions set out in the bill. The federal government is not laying down mandatory provisions so far as standards of goods are concerned. They are simply saying: Here is our trade-mark; we cannot compel you to meet these conditions but if you want our trade-mark these are the conditions you must meet. I submit if the federal government has the power to do that so far as the standards and qualities of goods are concerned, it has the right to do the same thing with respect to labour conditions. As the British North America Act is now being interpreted, the federal government claims it has no right to invade the provincial field and say that such-and-such must be the general labour conditions, but the federal government has the right, just the same as with the other phases of this matter, to say that so far as this federal trade-mark is concerned we are not giving it unless,

conferring as we will be the good name of Canada, we are assured that certain fair and decent working conditions are met.

Just as the bill does not propose to set out in detail what the other standards or qualifications are, I would say that as to working conditions the bill should not necessarily specify them, but that the matter should be left to the governor in council to decide by regulation. This proposal is not one that can be made the subject of an amendment to the motion for second reading, but when we get into committee I shall move an amendment to section 4, the wording of which I have before me, which will give the governor in council the power to lay down the working conditions to be met before the use of Canada's good name is permitted. I hope that the Minister of Trade and Commerce (Mr. Howe) may see fit to accept it when that time comes.

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

Sections 1 and 2 agreed to.

On section 3—*National trade mark.*

Mr. Charlton: I mentioned on second reading that, so far as agricultural products are concerned, the word "standard" implied only average or ordinary quality. Would the minister care to make a statement as to that in view of the fact that he was probably present before the committee of the other place when it was considered there?

Mr. Howe: I understand that subject was not mentioned in the committee of the other place. The standards laid down for an agricultural product can only be the standards established by the Department of Agriculture for the particular product. I think we could hardly establish by order in council a standard superior to that maintained by the Department of Agriculture. It would simply be a guarantee that the standards set by the Department of Agriculture are equalled or exceeded by the goods.

Mr. Charlton: Is it considered that the trade-mark will be used for agricultural products or merely for manufactured goods?

Mr. Howe: It would not ordinarily be used for agricultural products. It could only be a guarantee that the minimum standard for that product laid down by the Department of Agriculture is adhered to in the product. That is all it would mean in connection with agricultural products.

Mr. Stanfield: How would that work with respect to agricultural products which were processed?

[Mr. Knowles.]

Mr. Howe: If a manufacturer wishes the privilege of putting the brand "Canada standard" on his goods, he must make sure that they come up to the minimum standard set for those goods. The commodity will be tested from time to time in the national research laboratories, and if it is found below the standard the manufacturer will lose the right to use the "Canada standard" mark.

Mr. Stanfield: What about those who do not use the trade-mark?

Mr. Howe: It is not applicable to them. There is no compulsion about using "Canada standard"; it is a privilege extended to people who undertake to keep their goods up to the standard specified.

Mr. Johnston: Would this apply to goods which went out of the country, say to the United Kingdom?

Mr. Howe: If the manufacturer chose to use this trade-mark, probably it would be used on his exports as well as his domestic shipments. All this act means is that if the brand "Canada standard" is put on the package, the contents of that package must be up to the standard set by the government in that regard.

Mr. Johnston: There would be no compulsion on the United Kingdom people to leave that trade-mark on, would there? I have in mind that many of our products go over there without bearing any brand name, and I thought this would be of a great deal of assistance to the purchasers on the other side, who would know they were getting quality goods from Canada.

Mr. Howe: That situation is incidental to bulk buying by the British government itself. It arose in the war years, when the British government were buying in bulk and then refused any country the right to advertise itself on the goods shipped to Britain under those bulk purchase arrangements.

Mr. Bater: Perhaps I am a little late in rising, but in view of what other speakers have said with respect to section 3 I think the difficulty might be overcome if we provided for the use of the words "Canada super standard" and the initials "C.S.S." and then for any grade under that "Canada standard" and "C.S." I think probably "Canada super standard" could be applied to any manufactured article or any commodity produced on our farms.

Mr. Howe: Perhaps we had better establish the grade "Canada standard" a little more firmly before we add any other grade.

Mr. Black (Cumberland): I have not been able to remain in the house all afternoon,

and I do not want the minister to repeat any explanation he has given already; but I should like to know under what authority or by what practice his department will set up the standard or quality of goods. I want to refer to one commodity in particular; that is, paint. For a good many years there has been a great deal of complaint in our part of Canada with respect to the quality of paints, perhaps more in recent years than was formerly the case; paints that fade in colour, paints that peel, paints that crack and last for only a short time. I have heard many of our older citizens compare the quality of paints used in recent years with that of paints used years ago on our farmhouses and urban dwellings, and they have said that the old paint retained its colour and quality and ability to protect the surface for a much longer time. I believe the use of paint is something that should be encouraged just as much as possible, but the beautification of our whole countryside depends upon the quantity and quality of the paint used, and we should safeguard the users of paint both with regard to quality and with regard to cost. I believe the users of paint have a serious grievance in that they are subjected to the high sales tax of eight per cent. I think the use of paint should be encouraged by removing that tax entirely; and, as I say, those purchasing paint should have some guarantee as to the quality of the product.

My first question on rising was what provision the minister is making for establishing and guaranteeing the quality of commodities such as paints.

Mr. Howe: If my hon. friend will look at section 6 of the bill he will see that it reads:

In addition to its powers and duties under any other statute or law, the national research council shall, at the request of the minister,

(a) study, investigate, report and advise upon all matters relating to commodity standards or specifications;

(b) prepare draft standards or specifications for any commodity or for any grade or type thereof and recommend methods of designating the same...

The standards would be set after study by the national research council and upon their recommendation as to what a reasonable standard might be, and subsequent consultation with the trade itself, to get their confirmation of what would be reasonable to warrant the designation "Canada standard".

Mr. Black (Cumberland): May I ask the minister when it is expected that the provisions of this act will be made effective?

Mr. Howe: As soon as we get it through this house and it receives royal assent, which I hope will be within the next few days.

Section agreed to.

National Trade Mark

On section 4—*Regulations respecting national trade mark.*

Mr. Knowles: This section reads in part:

(1) The governor in council may make regulations

(a) prescribing the classes and kinds of commodities to which the national trade-mark may be applied and the persons who may apply it . . .

Then follow two or three more paragraphs, after which I should like to read paragraph (d) because it is pretty important:

(d) prescribing the standards or specifications, including those established under any other act of parliament, to which any commodity shall conform if the national trade-mark is applied thereto:

(e) prescribing the implied warranties that application of the national trade-mark to any commodity shall represent . . .

It is at this point in the bill that I should like to move for the insertion of the amendment I referred to when we were on second reading. As I indicated at that time, Mr. Chairman, I think we all understand the premise on which this bill is based, which was set out by the parliamentary assistant to the minister. That is, it is not possible for the federal government to lay down mandatory provisions; but it can say, "Since this is our trade-mark, these are the standards that must be maintained." That is provided for in section 4(1)(d), for example, which I have just read.

My submission is that if it is possible for the federal government to say that those who wish to use this trade-mark must see to it that their goods meet certain standards, it is also possible for the federal government to say that those who wish to use this trade-mark must conform to certain standards in the matter of rates of pay, hours of work and other working conditions.

I must say that some of us feel that the guarantee of good working conditions—and a real super guarantee, if I may quote the hon. member for The Battlefords—is the use of the union label, but it is to be admitted that there are many commodities on which the union label does not appear, which nevertheless are subject to fair wage legislation in the provinces. I would leave it to the governor in council to indicate the standards of wages and other working conditions which should be met, but it does seem to me that we should not put the good name of Canada on goods without being in a position to be able to say not only that those goods meet a certain standard as to quality, but that they have been produced under decent working conditions. So I move that after paragraph (e) a new paragraph (ee) be inserted. My reason for suggesting that it go in after (e) is that paragraphs (a), (b), (c), (d) and (e) are of a positive nature, whereas paragraphs

(f) and (g) are negative in character, and it seemed to me that was where it should go. Therefore I move, seconded by the hon. member for Cape Breton South:

That clause 4, subclause (1), of Bill 133, be amended by inserting therein after paragraph (e) a new paragraph (ee) to read as follows:

"(ee) prescribing the rates of pay, hours of work, and other working conditions under which commodities, packages or containers shall be produced if the national trade mark is applied thereto."

I might say that I took the first words of the proposed amendment direct from the federal labour code and, obviously, the wording of the latter part of the amendment is to be found in other subsections of this same section.

Mr. Howe: Mr. Chairman, I have every sympathy with the objectives which this amendment is trying to attain, but it seems to me that there would be real difficulty in applying anything of this nature in determining a Canada standard. I believe my hon. friend has put his finger on the essential point when he said that the best label to protect working conditions is the union label. To substitute anything else for the union label would, I believe, meet with serious objection from the labour unions. No doubt the hon. member is aware of the fact that the union label is a bargaining weapon, and a valuable privilege granted by labour unions under certain conditions. I believe that is one objection.

Another objection would be that this would cut across provincial jurisdiction. In effect, it asks us to set a minimum wage and minimum working conditions on a national scale for industries using the "Canada standard" label. I doubt if this government would have the right to do so. Perhaps the Minister of Labour is able to discuss this more intelligently than I can.

Mr. Mitchell: Mr. Chairman, my hon. friend has mentioned the union label. Many years ago in Hamilton I used to be a delegate to the union label league, and I think I know something about union labels. Is there a union label on the suit my hon. friend is wearing at the moment?

Mr. Knowles: That's right, and I have my union card in my pocket.

Mr. Mitchell: I am talking about union labels. There is a union label on my coat, my vest and my pants.

An hon. Member: Go on.

Mr. Mitchell: I understand trade unions and I know that they are jealous of their labels. The painters have a label; the cigar makers have a label; the printers certainly have a label; the lithographers have a label, and the die stampers. There are over a hundred labels which are given protection by a statute. I believe that statute was introduced some years ago by a Liberal government. I knew some of the prime movers of that statute, and it is rather revealing to look at it. It says:

No union label registered by any labour union may be assigned by any other process of law or otherwise.

That is section 15, subsection 3, of chapter 201, an act respecting Trade Marks and Industrial Design. As the Minister of Trade and Commerce said, the union label is a bargaining point. It is of use to the trade unions in ensuring good working conditions. I believe my hon. friend was in the printing trade and I am sure he will agree with me when I say that the printers are jealous of their label. So are all other trade unions. I know when I go to get a haircut—I have not much hair—the first thing I do is to look for the union label in the shop. It is a guarantee that the employees are getting good working conditions.

I believe that that is far better than any legislation. The use of this label is not mandatory. I do not take second place to anyone in this House of Commons in my advocacy of good working conditions, but if this amendment were adopted it might create hardships for one section of an industry. Take the canning industry, for instance, with all its ramifications from the production of the base metal to the completion of the cans and putting the contents in the can. As my hon. friend is aware, there are many union labels carried on cans and articles of that description.

I say this sincerely to the hon. member, that he is defeating his own purpose. I am not questioning his sincerity, but he is defeating his own purpose by amending this particular bill in that manner without consultation with some of the labour organizations in this country. I cannot recall any resolution or any demand on the part of labour organizations for this particular type of legislation. By insisting upon this amendment, one may be creating hardship for some well-organized trade that enjoyed good working conditions within an industry. Perhaps in some other industry that was not the case. Organization is the answer to that.

I have never been a great believer in setting minimum wages by law except to protect young people and women engaged in industry. Experience has taught us that when minimum wages are created by law the minimum becomes the maximum. If my friend looks across this country he may find some exceptions, but as a rule it is the

case. In the United States, the minimum wage was recently raised from 40 cents to 75 cents per hour in industries under the jurisdiction of the federal government. It is an indication that there must have been a good many people working at substandard rates in the interim between the establishment of the 40 cent per hour minimum and the 75 cent per hour minimum.

I join with the Minister of Trade and Commerce in saying I do not think you would be rendering a service to the trade union organizations of this country by adopting this amendment. So far as I am concerned, I would prefer the union label. I believe it is an indication that the men are free men and are not being dominated by a government. They have negotiated agreements and I think that is the proper way relations between employers and employees should be conducted, particularly in view of the fact there has been an enormous growth in trade unions in Canada during the last ten years.

Mr. MacInnis: I believe both the Minister of Trade and Commerce and the Minister of Labour are under a misapprehension. If the union label—in other words trade union conditions—is the best proof of the existence of a standard, you do not need to go any further; you have exactly what you want. As I understand it, this is voluntary legislation. The provisions of the bill are not mandatory; that is, we are not stepping in and telling manufacturers that they must do so-and-so. We are merely saying that if you produce a product of a certain quality, the Dominion of Canada will put on that product the hallmark, or whatever mark you call it, of quality "Canada standard"; but the product itself must first of all be of the required quality. If it is not, we have no power under this bill to compel producers or manufacturers to produce a product of the standard of quality that will receive the trade-mark. We contend that the quality may be good and may be of such a standard as to merit this trade-mark quality, but, at the same time, it may be produced under sweated labour conditions. If there is a trade union in the industry where the product is produced, we would assume that that was sufficient proof that it was not produced under sweated conditions.

We carry the same principle into government contracts through the fair wage policy; that is the wage that is accepted in the particular locality. But you might indeed go a little further than that. The Minister of Labour said that he was opposed to minimum wages. But a minimum wage is only required in industries in which the workers are not organized. I know that for years the trade union movement did oppose minimum wages. In 1931, in the convention in Vancouver, the American Federation of Labor went on record as being opposed to unemployment insurance.

Mr. Mitchell: I was there.

Mr. MacInnis: They were foolishly trying to protect the trade union movement. In the old country the trade union movement for years was opposed to family allowances. I am well aware of the background of those fears. But all of the things I mentioned are now accepted by intelligent trade unionists everywhere as being of assistance in maintaining high standards of living and are not a detriment to trade unionism. I quite admit that there may be difficulty in finding a proper wording for a clause of this kind, but I believe that, if we accept the principle of it, it can be found.

Mr. Gillis: I think it is rather unfortunate that the Minister of Trade and Commerce did not discuss with the Minister of Labour the drafting of this bill. If I were Minister of Labour and Canada was preparing to adopt a bill of this nature, I think it would be my responsibility in the field of labour to see that those who produced the goods were also taken care of. I think the minister is in reverse in the statement he has made in this matter.

You cannot produce quality goods under sweat-shop conditions. I have no doubt that the hosiery industry, which is a low-paid industry and somewhat unorganized, can produce silk stockings and that kind of thing, and have them meet the standards that may be laid down. No standards are laid down in this act. It merely says that the research council will prepare specifications and standards. They may be able to meet the standards laid down by the research council; but I think one of the first things which should be done, before we put our trade-mark on any commodity that we are marketing in this country is to see to it that the people who actually produce that commodity are at least getting a fair break in the matter of wages and conditions.

This business of bringing the trade union label into the question is completely irrelevant to this bill. It has not anything to do with it. It is a good yardstick as to whether goods are quality goods or not and that conditions are fair and reasonable in any industry where the workers are organized and are bargaining. But we must not forget that only about 25 per cent of the workers of this country are eligible for membership in a union. The other 75 per cent will be

producing most of the goods that we are going to label and say meet the standards laid down by the research council and later adopted, I suppose, by this house. Seventy-five per cent of the people who actually produce the goods are not in a position to protect themselves with regard to a union label.

This measure will not be opposed by any trade unionist in this country if he has any sense, simply because this action in protecting the public, by bringing our commodities up to standard, will assist in the unionization of plants, in my opinion; and that is something that is badly needed at this time. I do not see any reason in the world why the minister cannot write in the clause suggested here, because it does not mean that you must go out and start to organize the workers of this country. It means that you are going to do exactly the same thing for the man who works in the plant and produces the goods as you are going to do for the manufacturer—that is, the decent manufacturer—who wants to produce quality goods. The bill merely states that you are simply going to lay down certain requirements and specifications for his goods. That is going to protect him against the fellow that wants to sell inferior goods. At the same time, if you add this clause (ee), you merely say that we are going to probe the possibility also of decent working conditions, hours of labour and wages in the plants and factories whose goods carry the trade-mark of Canada. There is no reason why that cannot be done. It does not interfere with anyone. It does not mean that you are going to do it overnight, because it is going to take some considerable time to build up in this country a standard product that is recognized even by our own people. I think both things go hand in hand, because you cannot get, under sweat-shop conditions, the kind of goods that you can put your O.K. on.

Mr. Quelch: I do not quite like this amendment because I feel that it may result in a form of discrimination. It reads as follows:

(ee) prescribing the rates of pay, hours of work, and other working conditions, under which commodities, packages or containers shall be produced if the national trade mark is applied thereto.

What would be the result in a canning factory if, in order to pay these rates of wages and maintain certain hours of labour, they felt that they could not maintain the price at which the commodity should be sold? The result would be that they would start to chisel on the primary producer who was supplying it with the commodities to put in those packages. If you put that provision in there, you should also put in: "And shall prescribe the price paid for the products contained in those packages". Therefore, unless that proviso is put in, I would not be prepared to support the amendment. Otherwise, it would just mean discrimination against the primary producer.

Mr. Wright: I think the hon. member for Acadia has misinterpreted the amendment. The amendment states, as he has read:

prescribing the rates of pay, hours of work, and other working conditions, under which commodities, packages or containers shall be produced if the national trade mark is applied thereto.

The tomatoes and corn that go into the can are commodities; and if this amendment were applied, it could be applied to the minimum price, as meaning the minimum price for the agricultural product that went into the can, as well as to the hours and conditions of the labourer who produces the can.

Mr. Howe: No. I must correct my hon. friend there. The mark "Canada standard" on a package means that the commodity itself is standard, but it does not necessarily mean that the fruit, before it was canned, was standard. If we accepted this amendment my hon. friend would hardly wish to take it back into all the components that go into the finished article. I think that would be quite impossible. In any event, what he is asking is that the government prescribe rates of pay. That means we would have to put in a coast to coast rate of pay for a given commodity. There are minimum wage laws in every province, and they are all different in some respect. I do not see how we could set a rate of pay for a commodity, and prescribe hours of work. How could we do that? British Columbia works a forty-hour week, and Ontario perhaps a forty-five or a forty-eight-hour week. How could we say that one would have the standard and the other could not? I think that by accepting the amendment we would make the act completely unenforceable. As the act is written today, if an article is found in the United Kingdom it can be tested, and the test checked against the specifications, and it either complies with the specifications or it does not. But if the article also had to be traced back to its origin and a determination made as to whether fair wages were paid we would have a wholly unworkable act. Therefore, Mr. Chairman, I hope the committee will not accept the amendment.

Mr. Knowles: May I say that to prescribe rates of pay, hours of work, and other working conditions would not necessarily involve,

at the federal level, all the detail that the minister suggests. For example, it might be solved by simply requiring that the fair wage conditions in the various provinces be met before the label is granted. It might prescribe—and I would so urge—that in certain classes of goods the union label would be the only acceptable proof of proper working conditions. In other words, it does not have to be shown in terms of a wage rate for every class of employee right across the country; it could be done in general classifications. As a matter of fact, something similar to that happens in some of the provinces today where the fair wage legislation hinges in part on what the trade union rates are in a particular industry; and in industries not so well organized some detail is given.

It seems to me, Mr. Chairman, that it is not as difficult to find a general formula for prescribing working conditions as it is to prescribe qualities and standards for all the different kinds and classes of things that may come under this legislation. The bill provides for that; I think my amendment is even more important. Frankly, I do not feel that the objection raised by the Minister of Trade and Commerce carries weight.

While I am on my feet may I say one word with respect to what the Minister of Labour had to say. He tried to make a comparison between this national trade-mark and the union label, and suggested that the union label was good enough and that we should not have the provision I ask for with respect to the national trade-mark. May I point out, as did the hon. member for Cape Breton South, that there are a lot of goods produced by workers who are either unorganized or are in fields in which the union label is not used. By this legislation what you are making possible is another label called "Canada standard", which sounds good, but which may not—and will not when my amendment carries—guarantee the conditions that the union label is guaranteeing on certain other goods. You will have people going into stores in Canada and buying goods and feeling satisfied with them because they have got the "Canada standard" label on them. People will be asked if they have bought union label goods. They will say: "Yes, I have. I have it here; it has 'C.S.' on it." It will not be worth what the union label is worth, and it will actually be a detriment to the trade union movement in this country to have another label competing with the trade union label, a government label which will not be worth half what the trade union label is worth. I am saying the way to make this "Canada standard" label worth something is to put this kind of clause into the bill and leave it, as the clause says, to the governor in council to work out the proper regulations.

Mr. Mitchell: May I refer to one point? You do not have to use this label to begin with. Let us take the condition of the organized people in industry at the moment. Take this thing to its logical conclusion. Lots of olive oil comes from Greece. My hon. friend smiles. He says, "Let somebody else work it out."

Mr. Knowles: I laughed because I thought the minister was punning.

Mr. Mitchell: No, I am not. I am trying to be sensible.

Mr. MacInnis: There is no harm in trying.

Mr. Knowles: The minister should warn us.

Mr. Mitchell: I think I have as much experience with these things as the average member in the house, especially in connection with minimum wage laws. As hon. members know, I was chairman of the Ontario executive board of the Trades and Labour Congress of Canada seven years. Do you want the standard to apply to sugar from the West Indies, for instance? I refer to the people who are interested in the great international movements. Take many other things that enter into it. Some of the things that we are speaking about are basic. I believe the best form of protection is an organization. You can have all the laws in the world so far as I am concerned; when you get the workers organized that is the yardstick of progress. The hon. member for Vancouver East is a member of a street railway union. It would have been just too bad for these street railway men if they had to put this kind of label on the streetcar to see whether a person rode on it or not. The hon. member for Winnipeg North Centre is a member of the printers' union. It would have been just too bad if the printers had to use this kind of legislation to see that they got good working conditions. It would have been just too bad for the miners of the hon. member for Cape Breton South if they had to lean on legislation of this kind. And so on right across the board. As I said before, for defenceless people, for women and young people, it is all right, but I would prefer straight negotiation for grown-up people. The union label is superior to any minimum wage law under the canopy of heaven.

Mr. Knowles: This bill makes it possible for the label "Canada standard" to be put on packages. The minister spoke to me as a printer. As a printer I want the union label on packages.

National Trade Mark

Mr. Mitchell: Why don't you get one on your suit?

Mr. Knowles: But under this legislation it will be possible to put out packages with "C.S." on them, that have not been produced under the conditions required by the printing trades council, to which I strongly object.

Mr. Johnston: Just a word; I would not like to see this amendment pass without saying something on it. No matter what the intent of the amendment is it is the wording that you have to decide on. To start with, I do not think we should try to create an advantage for one class of citizens to the disadvantage of another class. When you look at the amendment closely you find that it says:

> Prescribing the rates of pay, hours of work, and other working conditions, under which commodities, packages, or containers shall be produced if the national trade mark is applied thereto.

It is true that it speaks of commodities, but the working conditions attached to it are three, namely, rates of pay, hours of work, and working conditions. I am all for giving the workingman the advantage of the situation. I want to see him have the highest possible standard of living; but under this amendment, as the hon. member for Acadia said, you can maintain wages, rates of pay, as it is called, the hours of work and the other working conditions. You can keep these at a high level to the detriment of the man who produces the raw materials. I would be most hesitant about passing this in its present form. If the sponsor of the amendment can change it so as to give all parties connected with the production of a product and its processing the advantage which he hopes, then I would be only too pleased to support it. But I can see very clearly that the agriculturist, for instance, who produces garden produce such as peas, corn and the like which go into the manufacture of commodities put in cans, upon which labels are placed, has absolutely no protection. In fact it may work out very much to his disadvantage in the long run. So, when it comes to placing one class against another, I think it is poor legislation. I am of the opinion that labourers throughout the country would view it that way. I cannot support it in its present form.

Mr. MacInnis: Mr. Chairman, may I deal first with what the hon. member for Bow River has said. He still clings to the old-fashioned idea that in order that farmers may prosper the industrialist worker must be kept on a low wage.

Mr. Johnston: No, no, no.

Mr. MacInnis: There was never a more fallacious argument than that. The farmer does not sell his products to other farmers. He sells his products to city people, the industrial workers. If the industrial worker does not get a wage that enables him to buy the things the farmer produces, then the farmer will be poor.

Now for the Minister of Labour; he can draw more red herrings across the trail than any other person I ever met in my life. He talks about the great advantages of unions, organized labour, and he mentions the organization to which I belong, the street railwaymen's union. He has referred to the printers' union, and to various other unions. But all of the labour unions he referred to are in relatively protected industries, in industries in which it is easy for the workers to organize. The people who need protection are not the people who can protect themselves, but those who cannot protect themselves. That is what we are trying to do by this amendment.

It is very easy for the skilled workers, or the workers in industry where there is a virtual monopoly, such as in street railway transportation, to organize. I remember at one time hearing the president of the company for which I worked say that we got good conditions partly because the company's own condition was so precarious that they could not afford a struggle with the union. That is a fact.

What we want is not that those who are strong should maintain good conditions for themselves, but that we make sure that those who cannot maintain good conditions for themselves, because of their weakness, will be protected. It is for that purpose that the amendment is moved. As I said before, there may be some difficulty in wording it so that it will meet the intended purpose; but that should not be beyond the ingenuity of the Minister of Trade and Commerce and his most efficient staff.

Mr. Fair: The hon. member for Vancouver East is just a little ahead of the minister when it comes to twisting things, and drawing red herrings across a trail; because no better job could have been done in misconstruing things than has been done by the hon. member for Vancouver East in connection with the opinion expressed by the hon. member for Bow River.

Mr. MacInnis: You put it right, then.

Mr. Fair: The hon. member for Bow River stated distinctly that he wanted the workers to have the very best possible working conditions, provided that they did not have those conditions at the expense of the primary

producer. That was stated quite clearly and distinctly and there is no reason why anyone should try to draw a red herring across the trail, or change that condition around.

Amendment (Mr. Knowles) negatived, on division.

The Deputy Chairman: Shall section 4 carry?

Mr. Knowles: On division.

Mr. Charlton: What is meant in paragraph (a) when it states—

Prescribing the classes and kinds of commodities to which the national trade mark may be applied and the persons who may apply it.

Does that refer only to manufactured goods, or does it include processed goods? As I see it, processed goods and primary products are all included; but it is left to the minister to say which ones are affected.

Mr. Howe: It could apply to any commodity, agricultural, manufactured, or anything else, provided the industry asked for the designation, and the government approved and set up the minimum standard. For instance, it could apply to eggs which are graded under the rules of the Department of Agriculture. We could have a Canadian standard egg, if we wanted to. I do not imagine that we would. I think it is more applicable to manufactured articles.

Mr. Charlton: Practically every agricultural product across this country is graded.

Mr. Howe: Yes.

Mr. Charlton: There is no need for this.

Mr. Howe: Perhaps that is right.

Mr. Charlton: This is what I have asked for on various occasions; if it will mean that the grade on which we are paid is carried through to the ultimate retailer or consumer, then I am all for it. But I do not think it does that. For instance, a side of pork which is graded as a grade A side—does that mean that the consumer will get that particular quality of bacon when he buys it at the store?

Mr. Howe: No, that does not apply to this act at all. We are operating under another act.

Mr. Cardiff: I should like to have an answer about wire. Has this act anything to do with the quality of wire being sold? Is it standardized, or is it not?

Mr. Howe: An application has already been made for a standard for barbed wire. There is no standard at the present time. We tried to have this measure passed last year, but did not get it through. The result is that we have no standard today. However, after this is passed the standard for barbed wire can be set if we can work out suitable specifications. If the hon. member buys barbed wire marked as the Canadian standard he will know exactly what he is buying.

Mr. Cardiff: If that is it, then I am all for it, because in the last seven or eight years we have been buying wire which was not worth putting on the market.

Section agreed to.

Sections 5 to 9 inclusive agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Speaker: Mr. Howe moves, seconded by Mr. Fournier (Hull), that the bill be read a third time.

Mr. Knowles: Next sitting of the house.

Mr. Speaker: The answer was "now".

Mr. Howe: There are no amendments.

Mr. Knowles: It had second reading today.

Mr. Howe: No amendments.

Mr. Knowles: It had second reading today, and there cannot be more than one reading in a day. Standing order 73.

Mr. Fournier (Hull): By unanimous consent.

Mr. Speaker: I asked, "When shall this bill be read a third time?" And the answer was "now"—no one dissented. Therefore it has received unanimous consent.

Mr. Knowles: When someone else was saying "now" I was saying "next sitting of the house" at the same time. It requires unanimous consent.

Mr. Speaker: It is moved by Mr. Howe, and seconded by Mr. Fournier (Hull), that this bill be now read a third time. That motion is debatable. Is it the pleasure of the house to adopt the motion?

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

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, at eleven o'clock on Monday we will take up, in the hope of passing it on that day, Bill 194, an act to encourage and assist in the construction of a trans-Canada highway. As announced by the Prime Minister, on Monday at eight o'clock we will move to go into supply and call an item in the three remaining departments, the Prime Minister's office,

finance and legislation. We will specially call item 92, the administration item for the wartime prices and trade board, so that the discussion requested by the hon. member for Lake Centre concerning the rental control reference to the supreme court may take place. If we conclude the trans-Canada highway bill during the day, I would name the following bills and resolutions that could be taken up, but not in this order: Bills Nos. 64, 65, 120 and 148, and resolutions 16 and 27 on today's order paper.

I move that the house do now adjourn.

Motion agreed to and the house adjourned at 6.05 p.m.

HOUSE OF COMMONS

Monday, November 28, 1949

The house met at eleven o'clock.

CANADIAN VESSEL CONSTRUCTION ASSISTANCE ACT

CONSTRUCTION AND CONVERSION OF VESSELS —ACCELERATED DEPRECIATION

Hon. Lionel Chevrier (Minister of Transport) moved for leave to introduce Bill No. 216, to encourage the construction and conversion of vessels in Canada.

He said: Mr. Speaker, the object of this bill is to encourage the construction and conversion of vessels in Canada. The assistance will take the form of accelerated depreciation. Owners who construct or convert vessels in Canadian yards will be entitled to write off their ships in three years if they so wish. The vessels to which the legislation will apply are those as defined in the Canada Shipping Act.

Mr. Green: Is there to be legislation providing aid to the shipping industry, as distinguished from the shipbuilding industry?

Mr. Chevrier: This legislation deals with ships as defined in the Canada Shipping Act, and applies to shipbuilding.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CITY OF OTTAWA—CONSTRUCTION OF SHELTERS AT BUS STOPS

Mr. Church:

1. Has the government made any representations to the city of Ottawa with respect to the erection of bus shelters along the routes of its transportation system within the present city limits?
2. If so, with what result?

Mr. Fournier (Hull):

1. No.
2. Answered by No. 1.

OIL AND GAS PIPE LINES

Mr. Winkler:

1. How many pipe lines are bringing oil and/or gas from the United States into Canada at the present time?
2. How long have they been in operation?
3. How much oil or gas has entered Canada by these sources in that time and what is the estimated value?

Mr. McIlraith:

1 and 2. (a) Two bringing oil: Montreal-Portland pipe line—1941. The Transit and Storage Co.—1912. (b) Two bringing gas: Dominion Natural Gas Co. (Buffalo)—1925. Union Gas Co. Windsor connection with Detroit—1947.

3. Oil—Statistics are not compiled by separate means of transportation. All oil statistics are grouped together regardless of whether they are imported by a pipe line, tanker, tank car or truck.

Gas—Imports—Gas for cooking, heating or illuminating imported by pipe line from United States:

Calendar year	M. cu.ft.	Value $
1948	404,046	238,742
1947	432,530	252,772
1946	368,067	239,081
1945	345,983	233,309
1944	270,725	182,139
1943	232,106	157,844
1942	197,103	135,256
1941	172,552	117,471
1940	130,342	91,976
1939	114,396	75,380
1938	133,062	87,311
1937	114,275	74,799
1936	83,802	54,112
1935	78,213	51,538
1934	77,859	50,765
1933	75,895	54,215
1932	120,840	91,234

RAILWAYS—EXCURSION RATES, ETC.

Mr. Church:

1. What weekend excursion rates on Canadian railways will be available for the coming Christmas holidays?
2. What will be the charges for berths, lower and upper, and other sleeper accommodation during the Christmas season?
3. Will they be the same as other years?
4. By whose authority have such rates been established?
5. Has the board of transport commissioners approved of them? If so, when?

Mr. Chevrier:

1. Round trip for 1½ times one-way fare.
2. The regular tariff charges for the type of accommodation used between the stations concerned.
3. No.
4. The railway companies.
5. No.

Questions

RADIO RECEIVING LICENCES—PROSECUTIONS

Mr. Diefenbaker:

1. How many prosecutions were taken, by provinces, since the first of January, 1949, for alleged neglect to take out radio licences by private persons?
2. What is the average fine levied in each province?

Mr. Chevrier:

1. Prince Edward Island, 139; Nova Scotia, 578; New Brunswick, 199; Quebec, 1,137; Ontario, 4,238; Manitoba, 517; Saskatchewan, 255; Alberta, 363; British Columbia, 147.

2. Prince Edward Island, $1.90; Nova Scotia, $3.30; New Brunswick, $4.80; Quebec, $2.45; Ontario, $2.70; Manitoba, $3.90; Saskatchewan, $4.65; Alberta, $4.15; British Columbia, $2.80.

Only cases for which complete reports have been received in the department are included in this return.

NATIONAL FILM BOARD—TAXES

Mr. Isnor:

1. Does the national film board collect any tax on their showing of pictures?
2. Does the national board film pay any business or property tax to (a) the federal government; (b) the provincial governments?
3. If so, what amount was received from this source during each of the years 1946, 1947 and 1948 by (a) the federal government; (b) the provincial governments?

Mr. Winters:

1. No.

2. No.

3. See answer to No. 2.

THREE RIVERS, QUE., POST OFFICE

Mr. Balcer:

1. Are the alterations for the Three Rivers, Quebec, post office being done on a cost plus arrangement or by contract?
2. If by contract, who are the contractors?
3. What is the amount of the contract?
4. Were tenders invited for this work? If so, when?
5. What are the names of those who tendered and what was the amount of each tender?
6. When is this job to be completed?

Mr. Fournier (Hull):

1. By contract.

2. Romeo Martel, Three Rivers, Que.

3. Amount of contract, $668,270. Additional work authorized, $4,160.

4. (a) Yes, by public advertisement; (b) tenders due May 18, 1949.

5. Romeo Martel, Three Rivers, Que., $668,270; L. Massicotte & Careau Limited, Cap de la Madeleine, Que., $679,850; Rosaire Dufresne, Three Rivers, Que., $735,188; Jos. Renaud, Limited, Three Rivers, Que., $737,312; Frs. Jobin Inc., Quebec, Que., $738,349; G. A. Gruninger & Fils, Three Rivers, Que., $748,261.

6. Date of completion, December 2, 1950.

INDIAN AFFAIRS—ST. PAUL, ALTA.—RESIDENCE FOR SUPERINTENDENT

Mr. Dechene:

1. Did the Indian affairs branch of the Department of Mines and Resources purchase a residence at St. Paul, Alberta, recently?
2. If so, for what purpose?
3. What was the price paid for that property, and to whom?
4. Upon whose recommendation was this transaction made?

Mr. Gibson (Hamilton West):

1. Yes; in the year 1948.

2. For use as a residence for the Indian superintendent of Saddle Lake agency.

3. $7,500 to Mr. Wilfrid Aubin, St. Paul, Alberta.

4. Purchase was made upon the recommendation of the regional supervisor of Indian agencies, Alberta, following a decision by responsible officers that the superintendent should reside in the town of St. Paul.

MINISTER OF JUSTICE

Mr. Knowles:

1. On what date did the Right Hon. J. L. Ilsley cease to be minister of justice?
2. Who was the minister of justice from the date noted in question 1 until the present Minister of Justice was sworn in?
3. Who was the acting minister of justice from November 15, 1948, until January 31, 1949?

Mr. St. Laurent:

1. June 30, 1948.

2. Right Hon. Louis S. St. Laurent was appointed Acting Minister of Justice with effect from July 1, 1948. On September 10, 1948, he was appointed Minister of Justice.

3. Hon. Joseph Jean.

FOOTBALL

REFERENCE TO GREY CUP FINALS—VICTORY OF MONTREAL ALOUETTES OVER CALGARY STAMPEDERS

On the orders of the day:

Mr. A. L. Smith (Calgary West): Before the orders of the day are called I rise on a question of privilege. Before I got down this morning, which was reasonably early, some very thoughtful persons placed upon my desk this miniature coffin, which bears the single word "Calgary." The only thing they omitted to inscribe was, "Not dead, but sleeping."

I want to take this opportunity to congratulate the Montreal club on their splendid win, and the people of Montreal on their fine

sportsmanship in connection with that event. In saying this, however, I exclude one person, the one who yanked my hat off my head and disappeared with it in the traffic. The hat is gone forever. I wish I could give this coffin to that man so that he could put the hat in it; for it is only the hat that is gone.

Mr. Cruickshank: As a westerner, Mr. Speaker, I have an extremely unfortunate financial duty to perform. It arises as a result of Saturday's football game. I cannot see the member in the house to whom I owe the duty, so am I exempt from performing it?

EXTERNAL AFFAIRS

RAILWAY LINE TO ALASKA—INQUIRY AS TO NEGOTIATIONS RESPECTING SURVEY

On the orders of the day:

Mr. J. G. Diefenbaker (Lake Centre): I wish to direct a question to the Minister of Transport arising out of an article in the New York *Times,* to the effect that a bill has been passed in the United States congress, known as the Magnuson bill, which bill was signed last week by President Truman, providing for the immediate location survey of a railroad route from Prince George, British Columbia, to Fairbanks, Alaska, and for early provision for the construction of that railroad, of which some eleven hundred miles will be on Canadian soil.

Is the minister in a position to say what negotiations have taken place with the United States government, and what is the present position of those negotiations?

Hon. Lionel Chevrier (Minister of Transport): This question, or one similar to it, was asked the Secretary of State for External Affairs (Mr. Pearson) on November 18, and he gave an extensive reply.

Mr. Diefenbaker: I am aware of what he said.

Mr. Chevrier: In the course of his reply he stated that no appropriation had been passed for this purpose by the United States government; that if and when such an appropriation was passed, and if and when that government made representations to the Canadian government, those representations would be carefully considered. To that statement I have nothing to add.

Mr. Diefenbaker: There have been no further negotiations?

Mr. Chevrier: None that I am aware of.

FEED GRAIN

INQUIRY AS TO AVAILABILITY OF SUPPLIES TO EASTERN FARMERS

On the orders of the day:

Mr. L. E. Cardiff (Huron North): Owing to the fact that in most parts of eastern Canada we are short of feed grain, could the Minister of Agriculture give us an assurance that sufficient supplies will be available at the lake ports so that the many farmers who have cattle and hogs on the feed lots will be able to have that livestock ready for market?

Right Hon. J. G. Gardiner (Minister of Agriculture): The only answer I can give is that every effort is being made to have sufficient feed grain available in eastern Canada. Whether it will be available at the lake ports or somewhere else, the hope is that grain will be available for the feeding of livestock.

FOOD

TRADE WITH BRITAIN—QUESTION AS TO RENEWAL OF EGG CONTRACT

On the orders of the day:

Mr. A. Earl Catherwood (Haldimand): I should like to direct a question to the Minister of Agriculture. In view of the fact that the Canadian contract with Great Britain for supplying 80 million dozen grade A eggs expires in approximately four weeks, and that there are 580,000 poultry farmers in Canada who are concerned about future markets for eggs, will the minister make a statement as to the prospects for the renewal of at least part of this contract?

Right Hon. J. G. Gardiner (Minister of Agriculture): The hon. member was kind enough to send me a copy of his question. It should be stated that the position in relation to the food contracts is about the same this year as it was at this time in each of the last two years. This is the third year in which discussions with Britain about food contracts have continued until about the middle of December; the understandings were reached about that time in the two preceding years. The position is exactly the same this year, in that we are still discussing contracts with Great Britain for eggs, bacon and cheese. We are not in a position to make any announcement as to the actual amount, or what arrangements may finally be made. We are hopeful that satisfactory arrangements will be made.

CANADA'S POSITION WITH RESPECT TO FAO PLAN FOR SURPLUSES

On the orders of the day:

Mr. H. R. Argue (Assiniboia): Will the Minister of Agriculture make a statement about Canada's policy with regard to the FAO plan to take care of world food surpluses? Some disturbing press reports have been noticed concerning the minister's statement in Washington.

Trans-Canada Highway

Right Hon. J. G. Gardiner (Minister of Agriculture): I may say that the meeting of the FAO is still continuing. So far as I know, no decision has been reached as to the plans the nations represented are going to follow. So far as the position of the government and my own position is concerned, I made a complete statement last Thursday which, if the members of the house desired, could be placed in full on *Hansard*. It would, however, take a considerable portion of *Hansard*, because it was a thirty-minute speech. It could not be interpreted by the one or two sentences that have been published in the press, particularly since some of the papers left words out of the statement sent to them by the Canadian Press.

Mr. Coldwell: Could the minister table a copy of that speech, so that the members could have access to it?

Mr. Gardiner: That could be done.

TRANS-CANADA HIGHWAY

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCES

Hon. Robert H. Winters (Minister of Reconstruction and Supply) moved the second reading of Bill No. 194, to encourage and to assist in the construction of a trans-Canada highway.

He said: Mr. Speaker, I should like to make a few comments in moving second reading of the bill entitled "An act to encourage and to assist in the construction of a trans-Canada highway".

Hon. members will understand that this legislation is enabling in character, in that it seeks authority for the federal government to enter into agreements with the provincial governments toward the construction of provincial highways which will join at various provincial boundaries to form a continuous road across Canada from one coast to the other and, as such, constitute a trans-Canada highway.

This project has been envisaged for many years, and it is considered that the time is now appropriate to proceed with it. When first contemplated it was conceived as a highway from Halifax to Vancouver, but it is now proposed that it shall extend from Victoria, on Vancouver island, to St. John's, Newfoundland, and also embrace Prince Edward Island.

The highway, when completed, will remain the property of the respective provincial governments, who will assume their normal highway responsibilities with respect to it, such as maintenance and snow removal. In effect, therefore, this legislation will enable the federal government to assist provinces in highway construction.

[Mr. Argue.]

Nearly all provinces are already heavily engaged in highway programs, and it would be difficult for most of them to assume alone this additional work without some financial assistance. Moreover, the completed highway will have a national aspect in that it will serve to link all provinces, and will enable Canadians to travel from one end of Canada's mainland to the other on Canadian soil by hard-surfaced road. As such, it will play a part in the national economy. Under the circumstances it would appear justifiable for the federal government to contribute up to half the total cost, as the bill indicates.

It is considered, however, that the highway would not be national in scope unless all provinces participated, without which participation the federal government would not be justified in providing this measure of assistance. It was for this reason that we have felt obliged to inform the provinces that the federal government's contribution is being made by reason of the national aspect of the problem, and its participation is contingent upon all provinces entering into agreements with the federal government.

A dominion-provincial conference was held last December, under the chairmanship of the then minister of mines and resources, to discuss this project in a preliminary way; since that time a considerable amount of work has been done by way of working out details and arriving at general agreements with respect to broad principles. Since the project was transferred to the Department of Reconstruction and Supply in March, 1949, officials of the department have visited every province, including Newfoundland, and have had discussions with provincial officials concerned. Subsequently, in August and September, I visited the provinces and discussed policy aspects of the problem with provincial ministers in all provinces but Alberta, where the time at my disposal did not enable me to discuss this problem, but the points have been covered in an exchange of correspondence.

Out of these technical and policy discussions developed certain principles which it was considered might form the basis of ultimate agreements. Moreover, the officials of the department have had discussions with appropriate officials of the public roads administration of the United States, while I, as well as the department officials, have had discussions with the Canadian Construction Association, the Good Roads Association, and other interested organizations, all of whom have been most helpful.

Accordingly, early in September I was able to forward to each provincial government a document containing a number of points which had previously been discussed and

which I hoped might ultimately form the basis for agreements which would enable the project to proceed. Some of the suggested terms of agreement were as follows:

(a) that the highway should be a modern, first-class, hard-surfaced road, following the shortest practicable east-west route consistent with the needs of the provinces and Canada as a whole;

(b) that the provincial government would be responsible for the selection of a route in conformity with this definition;

(c) that except in national parks, the province would arrange for the execution of the work;

(d) that the highway, when completed, would remain in each province the property and responsibility of the province;

(e) that the federal government's contribution would be in respect of a two-lane, modern highway;

(f) that the federal government's contribution would be on the basis of fifty per cent of the cost to the province of completing the highway;

(g) that an additional contribution would be made on a fifty-fifty basis of the costs to the province for those portions of already existing highway which would be included in the trans-Canada highway;

(h) that the highway should be completed within a period of seven years;

(i) that all ordinary maintenance costs during or after the period of construction would be the responsibility of the province;

(j) that tenders and specifications for contracts would be subject to review by the federal government;

(k) that inspection of the highway and audit of costs would be the privilege of the federal government.

Suggested standards were also placed before provincial governments, including a width of pavement of 22 or 24 feet, and a minimum right of way of 100 feet. It is recognized, however, that there will of necessity be variations to meet local conditions, and it is emphasized therefore that the various technical specifications were put forward only as suggestions. However, it is our opinion that wherever it is feasible and practicable, the width of the hard-surfaced portion of the road should be 24 feet. Intensive studies have been made, especially in the United States, which confirm what is almost self-evident, and that is that no features of a highway have a greater influence upon the safety and comfort of driving than the width and condition of the surface, especially if the volume of traffic is heavy and moves at a relatively high rate of speed. Many authorities hold that to permit the desired clearance for commercial vehicles a 24 foot pavement is required.

However, all provinces have been building paved highways for many years and have developed standards which presumably meet their needs adequately, and no attempt will be made to impose upon them specifications which are unsuitable for their purposes.

Speaking generally, all the foregoing suggestions were well received by the provinces. There are certain points in which various provinces differ, and there are technical details still to be worked out. Moreover, there is the important matter of route. Some of the provinces have already defined their routes, in accordance with the general definition; but others have not, because of an expressed desire not to proceed to that stage until the federal government's legislation is approved. This seemed like a reasonable view, and we have therefore not been pressing for a decision. However, no province has indicated that it does not wish to proceed with its share of the project.

Hon. members will note that the bill incorporates most of the suggestions I have placed before the provinces; but I should like in particular to say a few words more about the financial aspects.

It is estimated that the total cost of the highway of approximately 5,000 miles will be of the order of $300 million, and the bill provides for the payment of the federal government's share up to a maximum of $150 million. This averages approximately $60,000 per mile for new construction as well as highway already built. Where the problem is one of new work, the approach is relatively simple, and the federal government will agree to pay one-half the total cost, on the basis set forth in the bill. Hon. members will see that where highway already constructed will form part of the trans-Canada highway, the federal government is seeking authority to pay to the provinces half the total cost to the province of the construction of that part of the highway. This will have the effect of making the federal government's contribution toward highway remaining to be completed considerably more than fifty per cent.

Let us take, for example, a province where $20 million would be needed to complete the highway, and where that province has already spent $8 million on portions of highway which will be part of the trans-Canada highway route. The federal government contribution to the new construction would be $10 million plus fifty per cent of costs previously incurred,

or $4 million, for a total contribution of $14 million. If the province applies this contribution of $4 million against the cost of completing the highway, federal money in the $20 million expenditure would amount to $14 million, or 70 per cent. On the other hand, the payment for roads already constructed may be applied elsewhere, as determined by the province, but it is my hope that the provincial governments will use it in such a way that the maximum amount of development and the maximum amount of employment will result.

It is natural to expect that the federal government's assistance to provincial governments with respect to this project will be compared to the federal government's assistance to highways in the United States. I would point out, therefore, Mr. Speaker, that there is no wide difference between the United States formula and that contemplated in the bill before the house. In the United States the federal government appropriates certain moneys for highways, and it is allocated to the various states in accordance with a formula which takes into account population, area, and total mileage; but once the allotment has been determined, it is required that the state match it dollar for dollar. The more money made available to any one state by this formula, the more of its own money that state is obliged to commit. Any unused portion of a state's yearly allocation does not accrue to the state but is returned to the federal treasury if not expended on a dollar for dollar basis during the year.

Some hon. members have a tendency to estimate how much money would have been advanced to the various provinces if the United States type of program had been adopted in Canada years ago. In almost the same breath they say that the provincial governments concerned will not possibly be able to meet the financial commitment required of them by this bill. These two views would appear to be contradictory and to overlook the fact that the provinces would have been obliged to match the federal advances dollar for dollar.

Furthermore, I have heard the criticism that a two-lane 24-foot highway is not adequate and that we should be guided by United States practices in this regard. I would point out that the 24-foot two-lane highway is accepted as adequate for most highways through rural areas, and it is noteworthy that in the United States 95 per cent of the rural highways are of the two-lane 24-foot type.

As I indicated previously, there are still some details to be worked out; but these, too, have been a matter of discussion with provincial governments, many of whom have felt that a number of points should be held in abeyance until the federal government has received legislative authority to proceed. It seemed desirable, therefore, that we should go ahead with the legislation and then invite provincial governments to attend a conference of officials and technicians for the purpose of discussing all matters of technical detail, with a view to resolving all such points to the mutual satisfaction of the provincial and federal governments. As I recall, this point has been put to all provinces, either verbally or in writing, and they have agreed; I therefore propose to proceed accordingly.

When the technical details have been resolved, I propose to ask the provincial governments to sign formal agreements with the federal government so that the project may go forward.

Most provinces have expressed a desire to proceed with the construction of the trans-Canada highway in 1950. I propose, therefore, to move forward with the remaining phases so that all outstanding matters may be resolved and agreements signed in order that provinces will be enabled to proceed with the work in the early spring.

Mr. Black (Cumberland): Before we move forward this measure, Mr. Speaker, I would ask the minister if he can now lay on the table of the house the correspondence with the provinces of Nova Scotia, Manitoba and British Columbia. I do not think it will be possible for us to deal intelligently with this important matter, involving an expenditure of $300 million federally and provincially, unless we know under what conditions the different provinces will enter into the agreement. I would ask the minister to table this correspondence. If he is not in a position to table the correspondence with Nova Scotia—

Mr. Speaker: Order. Perhaps I should remind the hon. member that if he is asking a question he should be brief. If he is speaking to the motion, of course he has forty minutes.

Mr. Black (Cumberland): I want to get an answer from the minister, if I can.

Mr. Speaker: A strict interpretation of the rules would of course mean that the hon. member had spoken to the motion, but I think he merely intended to ask a question.

Mr. Winters: The answer to the question is that I still have not received permission from these provinces to table the correspondence.

Mr. Black (Cumberland): Has the minister a definite refusal?

Mr. Speaker: If the hon. member for Cumberland desires to speak now, I have no objection.

Mr. Black (Cumberland): I want an answer.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, this bill is described as "An act to encourage and to assist in the construction of a trans-Canada highway." Everyone in the house is in favour of the construction of a trans-Canada highway, and no doubt everyone in the house also believes that the dominion government is the only authority that can take the lead in bringing about the construction of such a highway. But in the view of the official opposition this bill is very disappointing. I propose to outline some of the reasons why we are disappointed with the terms of the measure. Perhaps I can best begin to do so by dealing with the situation in the province of British Columbia.

We are remote from Ottawa; we are farther away than any inland province, and for many years we have been tremendously anxious to have a trans-Canada highway. As conditions are at the present time, most of our vehicular traffic goes north and south. If a person in British Columbia goes for a drive he goes down to the state of Washington or to the state of California. A very small percentage of our people drive east to Alberta. If they do drive to Alberta or to eastern Canada, the route followed is almost invariably first of all down to the United States, and then on one of the great United States highways until they are south of the destination, when they drive north into Canada.

For us the United States tourist is of great importance. The states to the south of us are wealthy, and a great many of their people like to drive north; therefore the highways in British Columbia mean a great deal to that province. Because of the mountainous nature of the province we have always been faced with high costs in building roads. The need for help finally became so great that in the early thirties, during the regime of the late Lord Bennett, assistance was given by the federal government for the building of a trans-Canada highway around what is known as the Big Bend of the Columbia river. Help was also given on the roads leading from the United States boundary up into the national parks. I believe the same sort of assistance was given to the province of Alberta on the road leading into Waterton national park and through that park up to Banff.

There has been one bad feature about the roads in the national parks, which of course are the responsibility of the dominion government. Restrictions have been placed on the use of these park roads by trucks. I sometimes wonder whether these restrictions are not placed on the roads to help out the railways by preventing freight trucks from going from British Columbia to Alberta over park roads. Whether that is so or not, the fact is that traffic has been impeded by reason of federal regulations in respect to the park roads.

For many years in British Columbia we have believed that there should be a national highways system, not just one trans-Canada road, and that it should include feeder roads from the United States. We realize that such a system could not be completed in a day, but we contend there should be a master plan for a national highways system toward which the dominion and the provinces could be working. That, of course, is what is being done in the United States. The Minister of Reconstruction and Supply (Mr. Winters) intimated this morning that his new plan is the same as the United States plan; but I would point out that there is one great difference, namely, that in the United States they have a federal aid highways system—not just one road.

The minister said further that Canada's new road was to be as good as they have in the rural parts of the United States. I do not think that is good enough. I hold in my hand a statement made by the Minister of Agriculture (Mr. Gardiner) in 1948, when he spoke at Kamloops, British Columbia. The quotation is taken from a newspaper dated September 10, 1948. The minister said:

> I am going to keep on advocating the building of a great national system of highways which will make it possible for the Canadian people to travel from one end of this country to the other.

On September 11, 1948, at Nelson, British Columbia, the minister told five hundred people that Canada needs a national highway system and that it should be built and maintained by the federal government. He said further: "All Canadians must fight for such a system. You'll get a southern highway a lot faster if you ask to get all—a system of highways—built, than if you ask for one."

It is evident that the Minister of Agriculture has lost out in this decision. But he is not the only one who believes there should be a national system. That is the first reason for our being greatly disappointed by the present measure.

Another disappointment is that the Minister of Reconstruction and Supply cannot tell us today where the route is to go. One would think that after all these months and years the government would have some idea as to what the route is to be. We are asked to pass the measure without having that information.

I have read the letters passing between the dominion and seven of the provinces, and from those letters it would appear that as yet there is no decision concerning Nova Scotia. We have not had the papers from Nova Scotia. It would appear that in New Brunswick the provincial government is advocating a route which would go to the city of Saint John, while the Minister of Reconstruction and Supply is telling them they cannot have one.

Mr. Winters: No; that is not correct.

Mr. Green: Well, I suggest that hon. members read the correspondence for themselves. If the minister does not say in his letter that they cannot have one, he certainly gives a pretty broad hint that he is not going to help with a route to Saint John. Perhaps he has changed his mind in recent weeks, but the letters so indicate.

We do not know what the route is to be in the province of Quebec, nor do we know what it is to be in Ontario. Correspondence with Manitoba has not been produced, but judging from the letters from Ontario and Saskatchewan there is not much doubt as to where the route will be in Manitoba and Saskatchewan.

Mr. Warren: Would the hon. member work on Ontario to have the trans-Canada highway follow the Ottawa valley?

Mr. Green: I am not in a position to decide where the road should run in Ontario; but were I the minister I hope I would not bring in a bill without knowing what the route was to be across Canada.

Mr. Bradette: Get the province busy.

Mr. Green: I did not hear that interjection.

Mr. Bradette: I said the hon. member should get the province busy.

Mr. Green: I cannot hear it even yet. Probably it does not amount to much.

Mr. Bradette: The hon. member does not want to hear it.

Mr. Green: From the correspondence with Alberta it would appear that in that province the road is to run from Walsh on the eastern boundary, and thence up through Calgary and Banff, including the national park at Banff. Correspondence from Alberta indicates that there has been some tentative agreement between Saskatchewan and British Columbia to that effect. However, the correspondence with British Columbia has not been tabled, therefore one has no way of being sure. From the correspondence with Alberta it would appear that the route is to be as I have indicated. This would mean that it would follow the Big Bend from Golden, around to Revelstoke and Kamloops, and down the Fraser canyon to Vancouver.

Mr. Cruickshank: Will the hon. member permit a question?

Mr. Green: The minister nods his head; therefore I take it that is correct.

Mr. Cruickshank: I presume the hon. member agrees as to the possibility of building a trans-Canada highway 24 feet wide; would he agree that it is possible to have a 26-inch pipe line through Canada?

Mr. Green: The hon. member for Fraser Valley knows how I feel about pipe lines.

Mr. Cruickshank: Yes; I do know, and I want others to know it; that is all.

Mr. Green: I think his suggestion is a very good one.

I have pointed out that we are disappointed because we are not being told what the route of the highway is to be. We are further disappointed in being told that it is to be a two-lane highway. It may be that in many parts of Canada a two-lane highway would be sufficient. Perhaps that would be true along the north shore of lake Superior, if the route goes that way; or through some of the mountainous territory of British Columbia. But there are many parts of the highway which will have to be wider than two lanes. Yet we find in the outline of terms sent by the minister to the various provinces that the government will make no contribution for that portion of a road which is wider than two lanes.

Paragraph 5 of the outline of suggested terms of agreements, headed "Two-lane highway", states:

> The federal government will contribute to the cost of a modern two-lane highway. Should a province decide upon a route where local traffic would require a three- or four-lane highway, the federal government's contribution would have to be computed by reference to the cost of a two-lane highway.

In other words a rigid system is set up in the bill under which help will be given for only a two-lane highway.

We are disappointed further in that the assistance given to the provinces in connection with the cost of construction will be to the extent of only fifty per cent or less. The

minister intimated in his remarks that the provinces had expressed agreement with the terms he has submitted to them. I am sure however that there has not been agreement as to this ceiling of fifty per cent. For example, Alberta has asked that the payment by the dominion should be 66⅔ per cent. In this connection it is interesting to remember the statement made by the Minister of Agriculture in 1948. I have here also a statement to the same effect by the minister from British Columbia, the Minister of Fisheries (Mr. Mayhew). Upon his return from an election tour a press report of June 15 stated:

> He has come to the opinion that a trans-Canada highway should be a "purely national highway built by the federal government."

Apparently he thought that before the election, but now he too has lost out.

Obviously assistance to the extent of fifty per cent in construction is not enough for some of the provinces. It is not enough for British Columbia, where the cost of building highways is so great. It is not enough for Alberta or for Saskatchewan, and certainly not enough for Newfoundland. We are disappointed that the government has put on this ceiling of fifty per cent in respect of the help that can be given to the provinces.

Another reason for great disappointment is that there is to be no help in maintaining this road. Paragraph 11 of the terms sent to the provinces, having to do with maintenance cost, reads as follows:

> The government of Canada would not be responsible for maintenance charges or for costs of snow removal either during or after the seven-year construction period, except in respect of the portions of the highway through the national parks.

Here is another instance in which this plan is different from the United States plan. In that country the federal government helps with the maintenance costs, but under this bill, once the highway has been constructed the dominion government will have no further interest. What is to happen when there is heavy snow, or when there are snow or mud slides on this trans-Canada highway? Surely it is the responsibility of the dominion government to help to keep the highway in good shape, if for no other reason than to be sure that it will always be a first-class highway. If the dominion is going to sit back and let the provinces carry all the load of maintenance, I suggest that we are not likely to have a first-class highway for very long.

Another occasion for disappointment is that it is to take seven years to complete the highway. The government is working on a seven-year plan. It must be remembered that you can get over the highway right now, but according to this bill it is going to take seven years to change the present highway into a first-class highway. I am reminded of what the United States did when they constructed the Alaska highway. If that country could do a job like that in so short a time, surely Canada could have a first-class paved highway sooner than seven years from 1950.

The bill puts a ceiling of $150 million on the money to be paid by the dominion. Presumably that is to cover the whole seven years. It will include not only what the dominion is going to pay to have the highway improved, but payment to the provinces for what they have spent already on the highway. The bill actually goes so far as to include the costs of the dominion government in engineering fees, salaries, and so on.

I do not attempt to speak for my party on this particular point, but personally I think it is a great mistake to pay back to the provinces what they have expended on highways that are to become part of the trans-Canada highway. Those roads have been built and paid for. It would be wiser to spend the money on improving the highway rather than to pay it back to the provinces. As the minister said today, this money might be spent on some other roads. He expressed the pious hope that if the money were paid back to the provinces it would be spent on the trans-Canada highway, but he then went on to say that he was not insisting on that; that it could be used as they wished. It could be used to build other highways, or to erect buildings, or for any other purpose. In any event there should be a provision that any money paid back under this arrangement shall be used on the trans-Canada highway.

These payments back to the provinces will benefit the wealthy provinces far more than the poorer provinces.

Mr. Cruickshank: No.

Mr. Green: Ontario and Quebec have spent large sums on the highway, and they will be entitled to get back far more money than Saskatchewan and Alberta, and perhaps British Columbia.

Mr. Cruickshank: No, no.

Mr. Green: I cannot get the hon. member for Fraser Valley (Mr. Cruickshank) to agree with me all the time, but in any event that is my opinion.

To sum up, the bill is disappointing rather than encouraging, and this after a period of waiting of over fourteen years. I suggest that the reason the bill is in these terms is that the government is stalling on this matter of a trans-Canada highway. It is being used as

a project to provide for employment in hard times. I suggest that that is the reason why we have a bill of this kind. I can see the fine hand of the Minister of Trade and Commerce (Mr. Howe) in nearly every line of this bill. When the minister was asked about the trans-Canada highway last year he made this reply, as reported on page 5497 of *Hansard* of June 19, 1948. The former member for Portage la Prairie asked the question:

Mr. Miller: Is there among the future unemployment relief projects or programs of the government any blueprint for the trans-Canada highway?

Mr. Howe: If we see any sign of widespread unemployment we will proceed to make a blueprint. But at the present time we have not a blueprint and we do not think one is necessary.

On August 10, 1948, the then minister of mines and resources, Mr. MacKinnon, made a speech about the trans-Canada highway, and a press dispatch of that date is headed: "Trans-Canada highway years away: Mr. MacKinnon." Then there was the Liberal convention, and I understand a resolution concerning the trans-Canada highway was put through. The next step was a conference with the provinces which was called in December, 1948. I have here a dispatch from the Vancouver *Sun* describing the conclusion of the conference. It reads:

Ottawa, December 16—The dominion-provincial trans-Canada highway conference came to an abrupt and unexpected conclusion Wednesday night with provincial delegates experiencing a frustrated sense of little accomplishment.

And again:

The meetings were closed to the public, and the only official statement following it, from the chairman, Mines and Resources Minister J. A. MacKinnon, talked vaguely of "very satisfactory progress" and hoped that "a start would be made in 1949" on a national highway system.

This airy optimism was at variance with the statements from provincial representatives, who blamed the federal government for coming into the conference with no proposals or program.

In March the then minister of mines and resources handed over the trans-Canada highway project to the Minister of Reconstruction and Supply. In the spring session we were told that there was to be a trans-Canada highway bill, but it did not appear on the order paper until more than two months after the house began its sittings, the date being April 8. Nothing was done at that session. Then during this session we heard a significant statement from the Minister of Finance (Mr. Abbott) when he delivered his budget speech and said that the magnitude and timing of the trans-Canada highway was to be given very careful consideration, intimating that the government was not in any great hurry about the highway.

The resolution preceding this bill appeared on the order paper two months ago, but was not called until a week ago, and we are now considering the bill itself in the dying days of the session. This all reminds me of a moving picture of a horse race shown in slow motion. That is how the ministry have been moving with this highway program. They have effectively stalled it over the whole year, although no one in this house or in the country has stated opposition to the measure.

I repeat that all the time the Minister of Trade and Commerce has been in the background; he has had the idea that this should be an unemployment relief project. If the government does not change its tactics in regard to this measure, we may find that development of the trans-Canada highway will be dragged along as slowly as possible.

Even now the government is half-hearted about it and obviously ill prepared. I do not believe the minister has a suitable staff to supervise the construction of this highway; and expert supervision is required. Millions of dollars can be saved by way of specifications if the dominion government has an experienced staff checking on the construction of the highway. Now the departments are to be reorganized, and the next few weeks or months will be spent juggling around the branches, one of which will have to do with this trans-Canada highway. We have an item in the estimates—not in the main or supplementary estimates, but in the further supplementary estimates—for the trans-Canada highway; the only vote I can find. It is item 889, providing $25,000 for preliminary engineering work and studies in co-operation with the provinces concerned. This does not look like speedy action on the highway in the near future. Obviously there is no master plan, no blueprint. The minister does not even know where the road is to go, and no clear-cut policy is being presented to this house, even after all the delay.

The official opposition are disappointed in this measure. We will support it on the basis that half a loaf is better than no bread, but we shall not be content until there is a federal-aid highways system in Canada. This house and the people must not accept the measure which has been brought down today as the final word in the construction of a trans-Canada highways system. We urge that there be no more delay. It is a disgrace that Canadians should have had to wait until 1950 to get action on a trans-Canada highway. Great opportunities have been lost during the fourteen years this government has been in power—opportunities for Canadians to know their country and their countrymen in the other provinces; opportunities for developing Canada; opportunities for extending our means of carrying both goods and passengers. Just think what would have been the effect

on transportation costs if years ago we had provided a trans-Canada highway—the effect not only on freight rates but also on passenger rates; great opportunities have been lost for expanding our tourist industry; all because this government would not take the lead.

In connection with this project for a trans-Canada highway system, vision is required. The people of Canada have the vision of a national system. What is required is vision here in the House of Commons. I believe we should have before us at all times the vision of Canada as one of the great nations of the world, with a population of fifty, seventy-five or a hundred million people. The bill we are considering today just does not fit in with that vision in any way at all.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, with the principle of this bill we are in agreement; but coming as I do from Nova Scotia I am not satisfied that any member from that province, with the exception of the minister, can say that he is prepared to have this bill pass in its present terms. I say that because negotiations for a trans-Canada highway have been going on in this country for a long time, and a great deal of work has been done on that highway in Nova Scotia. To what extent it is completed, or what work is still necessary there, we do not know; and until such time as the premier of Nova Scotia is prepared to make available to members of this house the correspondence between his government and the federal government I do not think any hon. member from that province—and there are ten of them on the other side of the house—is in a position to say that the arrangement set out in this bill is satisfactory to the people of Nova Scotia.

Why that correspondence should be considered secret is something I cannot understand. And when the federal government takes the attitude that it cannot make known to this house exactly what are the views of the provinces in this respect, I am led to believe that something is the matter. Why should British Columbia, Manitoba or Nova Scotia take that position? If their proposals are fair and reasonable, or if their objections to the action the federal government is taking have some basis in fact, why should they not be prepared to give that information to members of this house?

This is not a provincial project; whether the premiers of the provinces I have named like it or not, this is a national project. Most of the money will be made available by the federal government before we are finished with this highway, and already a great deal of money has been spent on it by the provinces. That money belonged to the taxpayers, not to the premier of our province and his little cabinet. So before I come to a decision on this bill I want any information that may be in the hands of the minister on this matter, and the correspondence that has taken place between this government and the government of Nova Scotia.

I do not understand why the department should take the attitude that it should withhold the correspondence, because, as I pointed out on a previous occasion, there is no law compelling it to do so. There is a law or practice under which that is done with respect to correspondence between this government and a foreign government, but otherwise it is a question of courtesy on the part of the minister. There may be times when it is necessary to withhold correspondence; some premier may write a letter he would be ashamed to have tabled in the house, and under such circumstances perhaps it would be only fair that the minister should withhold it. But this is a straight business proposition; and before I commit the people of Nova Scotia to the payment of fifty per cent of the cost of this trans-Canada highway, I want to know what value there is in it. I want to know to what extent Nova Scotia is to be reimbursed for what it has spent already on what will be part of this trans-Canada highway—and a good deal of money has been spent there. Much of the highway construction has been completed in that province; but apparently we are not going to get that information.

The attitude of the government would lead us to believe that correspondence between this government and the provinces has not been tabled previously in this house. This is not so. Many times I have sat in my place here and heard a motion go through for the tabling of correspondence with the provincial governments on many matters. Just at random I picked out one. I wanted to get as close to the maritimes as I could, so I have one which had to do with correspondence with the province of New Brunswick—and on a much more ticklish subject, mind you, than the trans-Canada highway. It will be found at page 4492 of *Hansard* of June 23, 1947. It is a motion by the member for Victoria-Carleton (Mr. Hatfield), which reads as follows:

> For a copy of a resolution moved by the minister of agriculture in the province of New Brunswick, and all correspondence which passed between the provincial minister and the federal Minister of Agriculture or the Department of Agriculture, regarding a fair price on potatoes under the Agricultural Prices Support Act, 1944.

That motion passed unanimously, and it has to do with prices. If the position had been taken that such a disclosure would

place the importer or exporter of potatoes in New Brunswick at a disadvantage with his competitors, there would have been some basis for the argument that the correspondence should be withheld. But the motion passed unanimously. Today, when something having to do with the future is brought forward, something which has to do with the spending of public funds in the provinces of Nova Scotia, Manitoba and British Columbia and is vital to the people of those provinces, we are told we cannot see the correspondence.

I am not blaming the minister; he is only a cog in the machine. All he can do is carry out his orders, but I do not think the members of this house should submit to it. I do not believe any member should sit here and say he is going to commit his province to an expenditure of fifty per cent of the cost of this trans-Canada highway, and to the maintenance of that highway, when someone behind the scenes has decided the route by correspondence. The member does not know whether, from a business standpoint, the route is suitable to the province.

I am opposed to this measure until such time as we have an opportunity of seeing the correspondence. I cannot see any reason for holding it back. I might agree with every word the correspondence contained, but I would have to look at it. The government of Nova Scotia is presided over by one man, and he has no right to take the position that the correspondence is not to be tabled. I believe every member from the province of Nova Scotia has a right to see that correspondence. While I approve the principle of the bill, I am going to vote against it until I have heard from the people of Nova Scotia with regard to the project.

Mr. C. E. Johnston (Bow River): This is the first opportunity I have had of speaking on this subject at this session. I have spoken on it on other occasions, but I believe I would be remiss in my duty if I did not say a few words about it today.

Let me say at once that I believe the minister deserves a great deal of credit for bringing the subject of the trans-Canada highway forward at this time. The question is not a new one in Canada; in fact I believe it has been discussed at every session since I came to this house in 1935.

One of the amazing things that I have noticed on my trips to Ottawa is the lack of a national highway. As I have travelled on the Canadian Pacific railway on my journey to Ottawa I have been amazed to see that sections of highway around the head of the lakes are practically completed. When I say practically completed I mean that there are sections of five, ten, or fifteen miles that are completely graded and gravelled; yet there is no connecting link between those sections.

Mr. Noseworthy: Oh, yes.

Mr. Johnston: The bridges are not even completed.

Mr. Noseworthy: I have been over it.

Mr. Johnston: The hon. member must have had some wonderful means of transportation, or perhaps we are talking about different sections of this highway. I am talking about the sections that are built along the C.P.R. track in the province of Ontario, north of the great lakes. It seems to most people in Canada that this national highway would have been built long ago had it not been for the influence that the railways have been able to exert on those in high places. That should not be permitted, and work on the highway should be commenced as quickly as possible. Therefore I wish to congratulate the minister upon his doing the proper thing. The sooner the road is completed, the better pleased the people of Canada will be.

There is no question about it, sir; we need a trans-Canada highway. Possibly I have travelled the road between Ottawa and the west coast oftener than any other member of this house, with the exception of the member for Battle River (Mr. Fair). I have travelled the road between Ottawa and Alberta no less than fourteen times, and sections of it more often than that. I believe I have a knowledge of road conditions. It is extremely embarrassing for a Canadian, Mr. Speaker, who desires to go to Vancouver, Alberta, or Saskatchewan, to have to go through the United States and then back up into Alberta or wherever he is going. It is embarrassing to have the United States authorities say to you: "Well, why did you come this way?" You must tell them that Canada has not a proper road. Then they laugh, and rightly so, to think that a nation as great as Canada cannot afford a national highway. It is a national disgrace, and the minister deserves a great deal of credit for introducing the subject now.

Let me say, Mr. Speaker, that I am of the opinion we should have an all-weather, hard-surfaced highway across Canada. There are not many of the national highways in the United States that are four-lane highways. Most of them are two-lane highways, so I cannot criticize the government too strongly about that at the moment. I say "at the moment" advisedly. It is a good start; but when the government is negotiating with the provinces, provision should be made now for obtaining a right of way which would permit the construction of a four-lane highway. I do not believe it will

be very long before sufficient traffic will be moving on the all-Canada route, particularly in certain sections of the country, to make it necessary to have a four-lane highway. Once the right of way is obtained, it is exceedingly difficult in many places to get a greater width. It would be more efficient and more businesslike to provide for a right of way sufficiently wide to take care of a four-lane highway, so that when the time arrives there will be no difficulty in widening the highway.

Every province is going to benefit by this highway across Canada. I am sure that the people of Alberta will benefit greatly by an east-west road. There is one road now running north and south across our province, and another road is under construction. Before very long we hope to have two complete highways running north and south. These will act as feeder roads to the main trans-Canada highway going east and west. I believe that is true of every province of Canada.

It will be an asset to the people of every province to have this trans-Canada highway. It will be a great tourist attraction, or at least it should be, to a great many people in the United States. It will be a direct benefit to those in the states directly south of Manitoba, Saskatchewan and Alberta, because tourists will come up into those provinces and cross over the western provinces on a good all-weather hard-surfaced highway.

The trans-Canada highway should be of great importance in the matter of defence. This factor also should be borne in mind when the highway is being built. It is one of the reasons why a moment ago I suggested that when we are acquiring the right of way we should make provision for a four-lane highway.

If the highway is handled properly, it will be an asset also for trucking. I want to mention that particularly because anyone who has travelled the highways in the United States will have noticed the tremendous amount of trucking that goes on over their national highways. In fact in the United States trucking has become such big business that special roads are being built between large centres such as Detroit and Chicago; these are four-lane highways on which left turns are not allowed; if you wish to turn left you must first make a right turn and then go under a subway. These roads are called express highways and are used for the swift movement of motor vehicles of all kinds, including the automobiles of tourists, but particularly the heavy trucks.

We must bear in mind the fact that this road of necessity will be used for trucks and trucking. The government would show exceedingly good judgment if they left this road free for trucking and did not bring it under the control of the board of transport commissioners. One of the reasons why the United States has made such great progress is that free enterprise has been allowed to operate. It is true that if trucking is permitted it is going to affect the railways a great deal, but the railways will have to modernize themselves to cope with the competition which is bound to come.

My mind goes back to the time when we enacted legislation in this house giving the railways an advantage over trucking in the agreed charges; that legislation put trucks at a great disadvantage. Now we are to have a national highway, and if we are to hamstring the trucking business and make it conform with all the desires of the railways, it seems to me that we shall retard the progress of this country rather than advance it.

I was interested in reading an article which appeared in the Ottawa *Citizen* of Wednesday, November 23, 1949. It is headed: "Present brief in behalf of truckers." Speaking about the competition of trucks and railways, it had this to say:

> The trucking industry yesterday told the royal commission on transportation there is "discrimination against highway transport in Canada."
>
> Opening its submission before the three-man body investigating national transportation problems, the Canadian Automobile Transportation Association entered these complaints:
>
> 1. Commercial truckers are barred from the haulage of feed grains from lake ports to inland points on which the federal government pays a subsidy to farmers under a feed-grains assistance policy.
>
> 2. A ban on through hauls by way of national parks against commercial motor vehicles is "intended to protect the railways."
>
> 3. Commercial motor vehicles are not given fair treatment on the Canadian National Railways ferry linking Prince Edward Island and New Brunswick. A previous complaint to this effect had been made by the island government.
>
> 4. Trucks are barred from carrying most forms of alcoholic liquor from the United States into Canada.
>
> John Magee of Toronto, executive secretary, delivered the brief for the C.A.T.A., which represents federations in six provinces with a membership of 5,000 trucking firms.

Five thousand trucking firms is no small business; when you consider the amount of haulage that is done by these trucks, you will see that it is exceedingly large business. The proposed trans-Canada highway is to traverse national parks. If the federal government in the future takes the same attitude that it has taken in the past with regard to trucks passing through national parks, then of course they hamstring the trucking business. Trucking on the national highway will just be negligible, because obviously trucks cannot go from one province

to another on the trans-Canada highway if they are not permitted to travel through national parks. The present attitude of the government is that they will not permit this haulage to go through national parks. The railways therefore have a decided advantage over trucking. This situation leaves them in a position to dictate charges. We have the same thing now under the agreed charges, where the railway can go to a large company and say: We will haul your freight, provided that we haul it the year round. To large companies such as Eaton's which bring a great deal of freight from the east to the west and have to go north of the great lakes in the wintertime, the railways say: If you do not give us your business all the year, we will not haul it for you in the wintertime.

Mr. Hatfield: They cannot do that.

Mr. Johnston: They do it; make no mistake about that. Under the agreed charges, they do it. That is one of the reasons why our transportation system has been so bad. If we make the condition the same on this national highway, it will be a bad thing for Canada. I think that particular business should be left entirely free and competitive. The railways will just have to modernize their facilities in order to meet the change in times.

Let me say a word about the construction of the national highway. The undertaking that the minister has gone ahead with is no easy thing; it is no simple matter to construct a highway that will stand up. The minister is proposing, at the outset I hope, to build a two-lane highway; that is a good start. I hope he will take into consideration the suggestion I have made of providing for a four-lane highway when the right of way is acquired.

The minister expects there will be about 5,000 miles of highway—and I would assume that judgment is sound—with a total cost of about $300 million, the dominion's share being about $150 million, the federal government to assume fifty per cent of that cost. I am of the opinion that some provinces—and at the moment I am not speaking about Alberta—will not be able to take advantage of this proposal if they have to put up fifty per cent of the cost. We in Alberta of late have been fortunate in obtaining additional revenues through the expansion of the production of oil. But it must be remembered that oil is a depleting asset, and those in charge of the business affairs of that province are well aware of that. Some of the other provinces are not in so fortunate a position. If these other provinces find themselves unable to take advantage of the fifty per cent to be paid by the federal government, and cannot complete their section of the highway, it just means that the highway will be ineffective, because no one is going to travel from here westward to Winnipeg on a hard-surfaced road and then not be able to go any farther owing to the fact that that province was not able to build its hard-surfaced highway. They will go from here to the United States thence to the Canadian west, and leave in that country the money they would otherwise spend in Canada.

The minister estimates that about sixty per cent of the 5,000 miles is already hard-surfaced. He may be correct on that but I am a little sceptical. I think the sixty per cent is a little too high. From here east most of the highway would be hard-surfaced. Whether it is in sufficiently good condition to be used as a trans-Canada highway I am not in a position to say; but certainly from Ottawa west nothing like sixty per cent is hard-surfaced.

The minister spoke of a hard-surfaced top of 24 feet. That would probably be about the average of the hard-surfaced tops of United States highways. But there is one provision I have not seen in the bill, Mr. Speaker, which I think should be considered. When a hard-surfaced highway is built, for safety reasons if for nothing else there should be a four-foot gravel surface on each side of the hard surface so that trucks or cars, if they have a flat tire or have to pull off the road for any other reason, may be able to do so, in safety. This is one of the greatest criticisms I have of hard-surfaced roads, particularly in western Canada. I speak now of the provinces of Manitoba, Saskatchewan, Alberta and British Columbia. On nearly all of these highways there is no place by the side of the road to which you can go to make necessary repairs. It is a very serious thing. It would be safe to say that on these hard-surfaced roads at least fifty per cent of the fatal accidents are caused by cars parking on the hard surface. In the regulations that the government are submitting to the provinces they should of necessity make provision for a four-foot gravel section on each side of the highway. I see the minister nodding his head. I presume it will be included in the regulations, and it is a worth-while thing.

Let me come to another aspect of this question, namely, the maintenance cost. The federal government is not undertaking any obligation at all for maintenance. When the hon. member for Lethbridge (Mr. Blackmore) spoke on this question he referred to the fact that in Alberta we are saddled with a provincial debt which was created by

borrowing money to build roads and highways. Many of the roads which were built thirty or forty years ago are completely gone, but we are still paying for them. Since the Social Credit government came into power in Alberta every foot of highway that has been built in that province has been paid for. I do not care how good a road you build, it is going to deteriorate. The minister says that this program is to last for seven years. I venture to say that if this national highway was started tomorrow, by the time it was completed, at the end of seven years, sections of it would have to be rebuilt, depending on the type of soil that you must travel through. This is a major consideration in building a highway. I see the minister shaking his head the other way now. Nevertheless it is a fact that in some sections of the country, depending upon the soil texture, the road will deteriorate faster than in others. I do not care what kind of trans-Canada highway you build, in at least twenty years some major repair work will have to be done on it. The provinces will not be in a position financially to take care of that maintenance in addition to paying fifty per cent of the actual cost of construction.

In all fairness it seems to me that the federal government should assume at least a portion of the maintenance cost, having in mind the fact that within seven to fifteen or twenty years sections of the road will have to be rebuilt. I have never seen a highway yet —and I have travelled over a great number of them—either in Canada or in the United States, parts of which had not to be rebuilt from time to time. I know of one important highway in the United States, forty or fifty miles of which were built four years ago, and last year they were tearing up the whole surface and rebuilding it. They had probably run into some very poor soil, and that section of the road was not standing up as well as other parts of it. What will be the position of the provinces in circumstances such as these? That kind of repair may well be classed as maintenance or upkeep. Neither the maritime provinces nor the western provinces will be in a position financially to carry out these heavy maintenance charges in certain sections.

I do not think I should say a great deal at this time as to the route of the trans-Canada highway. I know that many suggestions have been made to the minister as to where the road should go. It seems to me that when you are building a road like this the governments and people of the provinces should be just about as good judges of the route as anyone can be. Consideration will have to be given to many problems. Certainly one of the important advantages of a national highway will be its attraction of tourists. When tourists come to a country to spend their holidays they want to see something. Among the most worth-while attractions in Alberta are Banff and Calgary, of course, as well as Lake Louise and the icefields. These are attractions which cannot be duplicated anywhere else in the world, and if you have no highway there, you are going to lose business. When I say the route should be left to the good judgment of those in charge of the provinces, I mean just this: that the Alberta people are going to feel that the route must go through Calgary, for the very obvious reasons I have indicated. In leaving a certain amount of latitude in this regard to the provinces, the minister has shown exceedingly good judgment.

Mr. Fulton: So long as the highway goes through Calgary.

Mr. Johnston: Anyone who uses good judgment must of course feel that it should go through Calgary. I shall not argue the matter at length.

I would ask the minister to keep in mind some of the constructive suggestions I have made. These are things which are necessary in connection with the building and maintenance of the trans-Canada highway.

Mr. Arthur Laing (Vancouver South): Mr. Speaker, I rise to take part in this debate because I would not like the idea to get abroad that those of us from Vancouver or from British Columbia think that this is a disappointing bill. If it is the opinion of the hon. member for Vancouver-Quadra (Mr. Green) that it is disappointing, then I would say to him that I do not think he is representing the view of the people in our province.

In the light of the fact that we have had no formal federal aid in the matter of the trans-Canada highway, although over the years aid has been given to various provinces, this is the most popular piece of legislation that could be introduced by the government at the present time.

By its very nature there are many problems about which the provinces must be consulted. I assume that sooner or later—and I suppose it will be sooner—the minister will be meeting the heads of the public works departments of the various provinces. I hope that the spirit pervades in that meeting which I think should pervade in the House of Commons, namely, that a British Columbian should be just as much interested in the efficiency of the trans-Canada highway as it affects the constituency of the hon. member for Cape Breton South (Mr. Gillis)

as in its efficiency in British Columbia. This should be the spirit, because if we are to have a trans-Canada highway we want to have a highway on which we from British Columbia can travel right through to Nova Scotia and the other provinces, and on which they can travel to our province.

One of the greatest advantages will be that of bringing together the people of the various provinces. I assume, however, that the different provinces have varying views as to the importance of the trans-Canada highway. I rather imagine that in Saskatchewan the people think the construction of this highway is advisable, and would like it very much, particularly if they can get some federal aid. For us in British Columbia the trans-Canada highway is absolutely imperative. If we did not receive some federal aid we would have to proceed with the building of it, depending to the extent of one hundred per cent upon our own resources.

I should like to place some facts on record because I take issue very strongly with the hon. member for Vancouver-Quadra when he says that he is opposed to reimbursement of the provinces in respect of those areas which might be incorporated in the final trans-Canada highway route. I should think that with any reflection at all—and I am rather of the opinion that he will have changed his mind by the time he returns to British Columbia—

Mr. Green: No; I do not change my mind so easily.

Mr. Laing: I suggest that this is the only way in which compensation can be made for the enormous difference in cost in the respective provinces. I believe the figures I shall place on *Hansard* will be of interest to hon. members from all the provinces, because they show the cost of road construction where we have to gouge out mountainsides, and where the roads hug the hills, with precipitate clearances into rivers from heights sometimes as much as 800 or 900 feet.

We have done an enormous amount of road-building in British Columbia in recent years, and are proud of it. We are particularly proud of the 24-foot Hope-Princeton highway. I am sure if the hon. member for Vancouver-Quadra were to go over it with me he would agree that it is ample for British Columbia, and will be for many years to come. I drove over it recently from Keremeos to Penticton in forty-five minutes; not many years ago it would have taken an entire day to make the trip.

Here are some of the figures—and I would ask hon. members to keep in mind the fact that they show the cost per mile, exclusive of hard-surfacing. This is just for the road building, up to the point where it can be hard-surfaced. The cost per mile of the Ashcroft-Cache Creek road was $30,806; the cost of the Chase Village road was $81,689 per mile for a small piece. For the Westbank-Trepanier highway the cost was $50,289 per mile; for only four-tenths of a mile on the Boston Bar road—and how lucky we were that it was only four-tenths of a mile—the cost was $99,000, or at a rate of $247,500 per mile. This was clear blasting of rock; and I would draw the attention of hon. members to the fact that it is part of the trans-Canada highway. The Chum Creek-Squilax highway cost $54,545 per mile. The trans-Canada highway at Robbins Creek cost $166,250 per mile—and all this to draw up the road, without hard-surfacing. We have spent on section A of the Hope-Princeton highway $2,773,127.85, or $104,646 per mile. That was for a distance of 26·5 miles. Section B of the Hope-Princeton highway, for a distance of 56·5 miles, cost $3,371,496.81, or $59,672.50 per mile.

These figures will serve to indicate our problems in British Columbia. Without some reimbursement in connection with the incorporation of these highways in the trans-Canada system, we could not call upon British Columbia to assume fifty per cent of the cost of the remaining unfinished parts.

I hope that the same co-operative spirit, and the feeling of pride in the construction of a trans-Canada highway, will characterize the negotiations between the dominion and the provinces as is being shown in the discussion of this bill. The government, and particularly the minister, are to be complimented most highly upon the introduction of something which will be one of the greatest monuments along the pathway of Canadian progress.

Mr. Gordon B. Isnor (Halifax): Mr. Speaker, at the outset may I say I appreciate the attitude of the hon. member for Vancouver South (Mr. Laing) in dealing with the matter from the point of view of the broad benefits to be derived by Canada as a whole rather than from the narrow provincial point of view.

As on former occasions, I listened this morning with keen interest to what the Minister of Reconstruction and Supply (Mr. Winters) had to say as to the attitude of the various provinces. I was pleased to note that without exception all the provinces are prepared to enter into an undertaking such as he proposes. It augurs well for the unity of Canada when we find all the provinces willing to co-operate, so that those in the

extreme easterly sections may enjoy the benefit of visits from those in the western and central provinces.

I differ to some extent with the hon. member for Cumberland (Mr. Black) in his criticism in regard to the tabling of the correspondence with the provinces. I am not a bit concerned about the question whether the correspondence with Nova Scotia is tabled; in fact I can see advantages in its not being tabled at this stage.

The hon. member for Cumberland is well versed in all aspects of highway construction because at one time he was minister of highways for the province of Nova Scotia. I can remember sitting opposite to him in the legislature, and I recall that he carried on his work in a most efficient manner and conducted the administration of his office in such a way as to make it troublesome for us to criticize him. But I recall, too, what he said in 1932 when a scheme of hard-surfaced roads for Nova Scotia was suggested by the opposition, which included myself. At that time the hon. member said—whether rightly or wrongly the people of Nova Scotia can judge—that he did not think that the province was financially able to undertake such a project.

Mr. Black (Cumberland): I stated repeatedly in the legislature that it was a matter of economic necessity to proceed with the hard-surfacing of roads, but that we would have to do preliminary work before that program could be started.

Mr. Isnor: I am glad the hon. member for Cumberland has put that statement on record, but I think the people of Nova Scotia will recall that the statement I referred to a moment ago was made. I recall as though it were yesterday the stand which the hon. member took when minister of highways of that province. He said: "While I appreciate the criticism offered by the member for Halifax, I wish to say that the province of Nova Scotia is not now financially able to undertake a hard-surfacing program of roads such as is suggested." I put that on the record. I am pleased to note the hon. member's progressive thought in regard to the construction of a national highway from the extreme east to the extreme west.

Mr. Black (Cumberland): My attitude has not changed in the years with respect to hard-surfacing, but we had to do preliminary work before undertaking that hard-surfacing.

Mr. Speaker: Order.

Mr. Isnor: I do not mind the interruptions. I think it is just as well to have this all on the record so that the people of Nova Scotia will know. I am doing this now because of the position in which the hon. member endeavoured to place me a short time ago when he said that I had seduced the Minister of Agriculture—that is the term he used—away from Amherst, Cumberland county, to Halifax. I am not going to make further reference to that, except to say that it is entirely incorrect.

I should like to compliment the Minister of Reconstruction and Supply, not only on the able manner in which he has presented this matter to the house, but on the negotiations he carried out with the various provinces. He is now able to report to us that the project is in healthy condition, and he has presented a bill to carry out the plan as outlined.

There is one respect in which I differ with what the minister said in his statement. If we are to undertake the building of a national highway we should start with that in mind. I suggest that instead of a 22- to 24-foot two-lane highway, provision should be made for a four-lane highway—perhaps not right through the whole distance, but certainly in those parts of the country where there is likely to be fairly heavy traffic.

In California and other parts of the United States they started with two, three and four-lane highways, but subsequently they were forced to widen them to six and eight-lane highways. That widening was done at great cost because of the increased value of the property which had to be taken over. We should realize that the first cost is the cheapest, and provide for a four-lane highway where traffic warrants such a width.

I am not going to deal with the tourist question, except to say that I am entirely in accord with the resolution and the bill. I feel that this money will be more than an expenditure; it will be an investment. The results will be shown by the attitude of those who visit this country. Just last evening I heard General Wavell speak over the radio in high terms of the progress made in Canada. We should make sure that we are building something for the future which will be worth while.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Isnor: When the house rose at one o'clock, Mr. Speaker, I had been referring to the fact that I was in accord with the general principles of the legislation introduced by the Minister of Reconstruction and Supply (Mr. Winters). I recall that in 1936 the present Minister of Trade and Commerce (Mr. Howe), who I believe was then Minister of Transport, brought in a transport bill

which not only dealt with rail and air travel but also gave the provinces an opportunity to share jurisdiction over the highways. At that time the provinces, quite rightly, took exception to the provisions of part 3 of the bill, which dealt with highways. They felt that highways came strictly within the jurisdiction of the provinces and that for this reason they should not be dealt with by the bill. Subsequently that part of the bill was dropped, and the legislation dealt only with transportation by rail and air, and a portion of water transportation.

I believe the same views are held by the provinces today, except that they are willing to co-operate in a much greater degree. I do not wonder that they have assumed that position, because the proposition that has been placed before them is very generous. Almost any businessman would be prepared to enlarge his business if he had to put up only fifty per cent of the cost; and that is practically what the government is offering the provinces under the terms of this legislation. As a matter of fact they are doing better than that; they are saying, "We will match your contribution dollar for dollar to the extent of $150 million. Then when the work is finished, in seven years, the entire proposition will be yours. You may collect the licence fees, take advantage of the tourist traffic, and derive all the other benefits that may accrue from a national highway." So, notwithstanding what was said by the hon. member for Cape Breton South (Mr. Gillis), who did not see how the Nova Scotia members could vote for this bill, as far as I am concerned I look upon this as a splendid opportunity not only for Nova Scotia but for all the provinces.

In his statement the minister said he did not see how he could go ahead with this project unless all the provinces agreed. I say to him and to the government that they would be quite justified in carrying out the agreement with as few as five provinces, if only that many signified their willingness to take advantage of the legislation. I believe the minister would be well advised to proceed in such case, without waiting for the rest of the provinces to come in. I offer that as a suggestion because the proposition looks so good to me. I really cannot see why any province would hesitate to come under the legislation which was so clearly explained by the minister this morning.

As the minister stated, this is simply legislation of an enabling nature, to permit the provinces to take advantage of the offer if they feel so inclined. It would be wonderful, I think, for Canadians living in the extreme west or in the central provinces who wanted to visit Nova Scotia, that beautiful ocean playground on the extreme east, to be able to travel the entire distance over a Canadian national highway. The hon. member for Cumberland (Mr. Black) suggested that the road be extended southward to the United States, but I do not agree. We are very pleased to receive tourists from the New England states and particularly to have our native sons who are now living in Boston and the surrounding district pay us visits, but I think our first duty is to provide a national highway which will serve our own provinces.

Returning to the question of the advantages accruing from this highway, as far as the provinces other than Quebec and Ontario are concerned, it seems to me that from a business point of view those other provinces would be well advised to enter into this agreement, because of the great possibility in connection with tourist trade. According to the census of 1941 Quebec at that time had a population of 3,331,882 and Ontario 3,787,655. I think we all appreciate what this means to the other provinces as far as the tourist business is concerned. During the past few years we in Nova Scotia have been very fortunate, in that we have had tourists from every state in the United States. I also noticed them from British Columbia, Saskatchewan and other provinces of Canada. The great majority of western tourists who come to the maritime provinces, however, find it necessary to travel by the southern route, through the United States. It is unfortunate that this should be so, but I am sure that situation will be remedied after this legislation goes through this house and is endorsed, as I am sure it will be, by all the provinces of Canada.

I do not say this in a political way at all, and I would not want the hon. member for Cumberland to think I was doing so; but there has been a wonderful improvement in the tourist traffic in Nova Scotia in the last fifteen years. People have come from all parts of Canada and, as I mentioned a moment ago, from all over the United States to enjoy the wonderful scenery we have to offer in our province; and they all leave speaking in the very highest terms not only of the hospitality they have enjoyed but of our fine highways. I believe great credit is due the premier of Nova Scotia, Angus L. Macdonald, for the progress that has been made in this regard; and again I do not say this in any political sense at all.

In his remarks this morning the minister said this program would cover a period of some seven years. I sincerely hope it will not take that long. I fully appreciate that the

construction of five thousand miles of paved or hard-surfaced road is a big undertaking, but we all recall what was done in connection with the Alaska highway. There we have a road sixteen hundred miles long, twenty-four to twenty-six feet wide, extending from Dawson Creek in British Columbia to Whitehorse and Fairbanks, Alaska. In the spring of 1942 that was virgin territory, the only means of transportation a pioneer air route. In November, 1942, it was officially opened for military traffic. So I say the minister may be able to shorten the period of construction, so that instead of seven years we may look forward to seeing this project completed in perhaps four to five years. If that can be done the various parts of Canada will enjoy that much more prosperity from the tourist traffic.

I said I was going to be brief in my remarks, Mr. Speaker. I certainly did not wish to let this opportunity pass, however, without adding my voice to those who have so warmly welcomed the legislation that has been placed before us by the minister. He stated his case clearly, and there was no misunderstanding what the government was prepared to do. I simply wish to accord him my full support.

Mr. A. J. Brooks (Royal): Mr. Speaker, I wish to say a few words with reference to the matter which is before the house. I believe the proposal to construct a trans-Canada highway has received the approval of all members from all sections of Canada. As has been stated by the previous speakers, it is not a new idea. The matter was considered by the provinces and then the war intervened, otherwise I have no doubt that the trans-Canada highway would have been built by now.

I feel that it is a splendid idea to link the provinces of Canada together. The more the people of the various provinces visit one another, the stronger Canada will be. There has not been enough of that in the past. In the province of New Brunswick, we are in a rather peculiar position. Upon looking at the map one can see that this province is the link between the provinces of Nova Scotia, Prince Edward Island, Newfoundland and the rest of Canada. Because of this, I feel there are problems facing the province of New Brunswick which are not found in the other parts of Canada. I do not envy the position in which the minister finds himself in attempting to work out the details, because I am sure there will be a great divergence of opinion in the different provinces as to the route of the trans-Canada highway.

During the last election campaign in my own province, as I remember, three different routes were mentioned by the local government. I might say that all three of them went through my constituency, so I was impartial. Just to indicate the difference of opinion as to the route this highway should follow through the province of New Brunswick, I should like to read some of the correspondence in that connection which took place in November of 1948. The deputy minister of public works in the province of New Brunswick, Mr. Barbour—who I might say is one of the most efficient public officials in Canada—replied to a letter from Mr. Wardle of the Department of Mines and Resources. It is dated November 25, 1948, and reads in part as follows:

> It is the intention of the government here to set out the trans-Canada highway as follows:
>
> No. 2 from the Quebec border north of Edmundston down to Fredericton; thence across the Saint John river and following No. 9 along the shore of Grand lake to Sussex; and thence to the Nova Scotia border near Amherst and to Cape Tormentine for connection to the island.

Evidently that was the decision of the New Brunswick government in November, 1948.

There have been some changes since then, and on January 24, 1949, the Minister of Public Works, the Hon. W. S. Anderson, wrote to the Hon. James A. MacKinnon as follows:

> It has now been found advisable to change the route—

Speaking of the route of the trans-Canada highway.

> —and we suggest No. 2 highway from the Quebec border to Fredericton with a branch into Saint John through Oromocto following route 2A to Westfield and thence into Saint John. Also for the benefit of Nova Scotia and island traffic the trans-Canada highway would cross the Saint John river at Fredericton following route 9 to Sussex and thence through to the Nova Scotia border and connect with the island at Cape Tormentine. This has the effect of lengthening the trans-Canada highway by 2½ miles.

I am sure that must be a mistake. It can be seen from that letter, however, that there was a change and the government felt that there should be two routes from Fredericton; one down through Oromocto, and then what is known as the broad route through Westfield and into Saint John. From Saint John it would follow No. 2 to Moncton. It was also suggested that for Prince Edward Island and Nova Scotia traffic, in order to shorten the distance in travelling to those provinces, the highway should follow No. 9 from Fredericton to Sussex and then into Moncton.

The next letter referring to this subject is dated September 29, 1949, written by Hon. W. S. Anderson to the Minister of Reconstruction and Supply (Mr. Winters). It reads as follows:

> As explained before the trans-Canada highway passed through Saint John to Moncton—

He means the route that was laid out when the trans-Canada highway was mentioned some years ago.

—and thence to the Nova Scotia border, but in order to make a shorter route we did suggest No. 9 highway from Fredericton to Sussex in order to cut off distance.

That rather indicates that the government was willing to drop the second proposed route from Fredericton over No. 9 to Sussex, and accept the route from Saint John to Moncton.

On November 4, 1949, the provincial minister of public works wrote to the Hon. Mr. Winters. He was replying to a letter in which the minister of reconstruction set out the general program for the trans-Canada highway. Speaking of the general concept the provincial minister said:

It is submitted that this should be amended to read "the most practical route across Canada and each of the provinces." For reasons set out in my letter to you of September 29 we cannot reconcile ourselves to any route through New Brunswick which will by-pass Saint John.

That became the definite policy of the government. On September 19, the Minister of Reconstruction and Supply wrote Hon. Mr. Anderson stating:

The choice of the route of the trans-Canada highway across each province rests with the province.

That is quite a definite statement.

The federal government is of the opinion that it should follow the shortest practical east-west route across each province, consistent with the needs of the province; and that the trans-Canada highway as a whole should follow the shortest practical east-west route across Canada consistent with the needs of Canada as a whole. The federal government's participation in the cost would have to be conditioned upon those factors being given adequate consideration.

On this basis, and as indicated in my discussion with the Hon. Mr. McNair, the federal government would consider appropriate modification from your original submission of January 24 last regarding the location of the highway in New Brunswick. The route on which it is believed that the federal government should contribute (completion costs and back costs) is as follows: Entering New Brunswick from a point on the Quebec boundary north of Edmundston and following highway No. 2 to Fredericton, thence to Sussex over highway No. 9, from Sussex to Aulac through Moncton over highway No. 2, and from Aulac to Cape Tormentine over highway No. 16.

The minister does not definitely state he will not accept the proposition made by the New Brunswick government but he strongly suggests that the route which the dominion government is prepared to accept is the route I have just described.

As I say, Mr. Speaker, I feel that the minister is going to have considerable difficulty in persuading the different provinces that the shortest east-west route is the one which they must accept. I might also point out that, so far as the province of New Brunswick is concerned, its portion of the trans-Canada highway will carry the cars, trucks and so on from Prince Edward Island, Nova Scotia, Newfoundland and the traffic from the United States which goes through New Brunswick into Quebec, Ontario and the west. The cost of maintenance of the highway in the province of New Brunswick is going to be a heavy one; I think it will certainly be much heavier than in Nova Scotia and Prince Edward Island and undoubtedly it will be much heavier than in the province of Newfoundland.

The minister used one expression, "the needs of the province", which I think needs some explanation. When the minister speaks again I think he should explain to the house just what he means by "the needs of the province". From reading the correspondence here, it is rather hard to know just what is meant by that expression. The hon. member for Halifax (Mr. Isnor) spoke about the great tourist traffic. One of the needs of our province is more tourist trade. If we are to have a trans-Canada highway for that particular need, it should be built in that section of the province which will induce the most tourist traffic. Another thing that might be considered a need is the shortest route between the larger centres of population. If that is a need, that would have to be taken into consideration. I am sure that the general term "needs of the province" has little meaning at all.

As to the cost, I would also point out to the minister that, like some of the hon. members who have already spoken, I feel that the cost is going to be a heavy burden on the smaller provinces, particularly on our province of New Brunswick. I think we shall have more mileage per capita of population than any other province in Canada. The trans-Canada highway will traverse the whole length of the province of New Brunswick, north and south. This morning the minister said, I think, that the total mileage would be about 5,000. It is estimated that the mileage in New Brunswick will be about 450. I do not know how much it costs to build a mile of hard-surfaced road in Canada today, but I think the average for my province is around $100,000 a mile.

Mr. Isnor: $60,000.

Mr. Brooks: The minister shakes his head. I do not think my estimate is far out. Having regard to the high cost of material and the high cost of labour, I would not be at all surprised if he finds that this trans-Canada highway, 5,000 miles in length, cannot be

built for the $300 million which he has mentioned. I am satisfied that in New Brunswick alone it will cost from $25 million to $30 million.

I should like to point out this fact. We in the province of New Brunswick today are the heaviest taxed province in the Dominion of Canada. We have the highest per capita debt. We pay more for our gasoline than do those in any other province. We also pay more for our car licences. If an extra burden like this is added to those already carried by the people, without more assistance from the government, I think it will be exceedingly difficult for a small province like New Brunswick to bear the expense. I think we in New Brunswick have more road mileage, including hard-surfaced and gravel roads, than any other province in the dominion.

I have here in my hand the Canada Year Book, 1948-49; at page 709 there is a statement of construction, maintenance and general expenditures on rural highways, bridges and ferries in Canada by provinces, 1942-46. I am sorry that I could not get the figures for 1948 and 1949, but I think 1946 is a fair year. The construction expenditures in the province of New Brunswick in 1946 amounted to $7,032,089. I will compare that figure with that in the province of Manitoba, in which it was only $2,143,505. Everyone knows that Manitoba is a much richer province than New Brunswick. We all know that the population of Manitoba is perhaps double that of our own province. Yet their cost for highways was just about one-third of what it was in our province. The cost in Saskatchewan in that year was $4,372,502, a little over half as large as ours. In Alberta it was $6,205,275. In British Columbia, a province with many times the wealth of ours, and a population of over twice what it is in New Brunswick, the construction expenditures were $5,887,779 or just slightly more than half what we spent in New Brunswick. I will not give the figures for the larger provinces, but in proportion they work out at about the same ratio.

Then I come to the maintenance expenditures. For the maintenance of our highways in New Brunswick in 1946 we spent $4,144,259; Manitoba spent $1,189,168; Saskatchewan, $1,784,940; and British Columbia, $2,931,839. By comparison, one can see the burden that the construction, maintenance and upkeep of roads is in a small province like ours.

Then, as to administration and general expenditures, in New Brunswick in 1946 the figure was $573,806; in Manitoba, it was $311,227; in Saskatchewan, $165,187; in Alberta, $22,461 and in British Columbia it was $686,319, slightly more than in New Brunswick. I am simply quoting these figures, Mr. Speaker, to indicate to you that the burden which will be placed on New Brunswick is going to be a serious and heavy one.

I think the question of constructing highways comes into the picture. In New Brunswick it is difficult to construct highways. We have many rivers, brooks, streams, hills and other impediments that are not found, for instance, in Saskatchewan or many parts of Alberta or Manitoba. It is going to cost far more per mile to construct the trans-Canada highway in our province than it is in any of these other provinces. In equity, I think that such a province as New Brunswick should receive in compensation from the federal treasury more than the fifty per cent which the minister mentioned this morning.

Another point which I should like to call to the attention of the minister is the width of the road. I think perhaps his statement was such as to indicate that some changes could be made. He said it would be 100 feet. Most of the roads constructed in the maritime provinces are 66 feet wide. Along the border of the road there are rows of trees that have been there from 50 to 100 years. There are buildings right up to the edge of the road. If the minister insists that the road be 100 feet wide, I can see much difficulty in widening the roads through the maritime provinces. These are old localities. The difficulty will be very great.

Another matter which the minister should take into consideration is the question of railway crossings. I do not know how the construction of the road will be carried on in other parts of Canada, but the part that is suggested along the Saint John river from Edmundston to Fredericton has many level crossings. A highway of this kind, which is being built to encourage traffic from one end of the country to the other, should be a safe one. On a public highway of this kind everything should be done to provide for the safety of the people using it. When the minister brings in his final bill I hope that some provision will be made to ensure the safety of railway crossings.

There is another point which should be taken into consideration. I do not know whether this is a problem in other provinces as it is in ours, but when work is provided on our highways the practice has grown up of giving that work almost entirely to government supporters.

Some hon. Members: No.

Mr. Brooks: That is a fact, Mr. Speaker, and we have suffered under it for many years in the province of New Brunswick. If the minister has anything to say about it I know

that will not happen. That is the reason I am calling it to his attention now. I hope that the minister will see to it that in the employment that is provided in constructing the trans-Canada highway no preference will be shown to anyone, and particularly in these times when there is such an increase in unemployment throughout Canada. This will be a great opportunity to take up the slack of unemployment which is arising in all parts of Canada, and particularly in the maritimes. I ask the minister to use all his influence to see that no preference in employment will be given on this highway. These are just a few points that I wished to call to the minister's attention. Personally I am in favour of the trans-Canada highway. I think it is a splendid idea. I thought it was a splendid idea some fifteen or more years ago when it was first mooted by the late Right Hon. R. B. Bennett. The idea of joining our country together in this national highway is good, and I wish the minister every success in what I believe is going to be a very difficult task.

Mr. J. W. Noseworthy (York South): I shall not delay the house very long. First of all I wish to congratulate the minister on this bill, No. 194, to assist in the construction of a trans-Canada highway. I congratulate him on being the first cabinet minister in 1949 to recognize what just about everybody else in Canada has recognized for the last fifteen or twenty years, namely, that the building of the trans-Canada highway is a matter of national importance, and a project for which the federal government should take some responsibility.

I think this is one bill on which we can all agree, at least on the principles of it, regardless of our provinces and regardless of our political differences. This is a matter of great concern to the country, and it is one that I am sure people from all parts of Canada and of all political parties in Canada will appreciate.

There are some things about the bill that I like, and there are some things that I dislike. I am not going to emphasize the things that I dislike because I feel that this bill marks the first step taken by the federal government in the building of a trans-Canada highway. From the minister's remarks I presume he believes that the government can put $150 million into this project over a period of seven years and then pull out of the project entirely. Quite seriously, Mr. Speaker, I doubt whether the minister believes that. I doubt whether he believes for one minute that the federal government can enter upon this project, stay with it for a few years, and then turn it back to the provinces. Let us examine the idea that once the road is built the federal government will bear no part of the cost of upkeep. I am quite sure that once the minister sits down with the representatives of the provinces, once they get down to the serious business of the details of this project, he will find that the federal government, having gone into the building of the highway, will not be able to get out. I recall that many years ago the government took much the same attitude on a grant for agricultural education and technical education. It was to be a grant for a few years, and then the matter turned back to the provinces. Experience showed that once the government had gone into that business it just could not get out. I am quite confident that as time goes on we shall find the present minister, or some other minister, coming back to parliament year after year with amendments to this legislation which will indicate that the federal government is bearing an increasing proportion of the cost of upkeep of the highway.

I welcome this legislation because it is a step in the right direction, and I look upon it as merely a first step, and not by any means one that is finished in this bill.

There are a few points I should like to raise on which the minister can probably give us some more information. I am not quite clear as to how this $150 million is to be allocated to the provinces. In a general way the minister indicated that it would be allocated on the basis of population and on the cost per mile of highway. I am sure the house would welcome a clearer statement, if it is possible for the minister to give it. The house would like to know just what general formula will be adopted in the allocation of the $150 million. I wonder whether the minister can tell us if this $150 million, if it is matched by the provinces, thus making $300 million, will give us five thousand miles of good hard-surfaced highway as he expects. I hope that part of that $150 million is to be used to reimburse the provinces on a fifty-fifty basis for moneys they have already spent on provincial highways that will form a part of the national highway. Has the minister any estimate as to how much of that $150 million will be used to reimburse the provinces for work that has already been done? In other words, can we arrive at any conclusion as to just how much of this $150 million is likely to be spent on the construction of new highways?

He has told us that the question of routes to be followed will be left to the provinces, and, as other speakers have said, in that I agree with him. I cannot blame the federal minister for not wanting to tackle the particular problem of deciding, for instance, whether the highway is to go through the Ottawa valley, or whether it is to go up to

Toronto, and then up Yonge street to North Bay. I can quite understand why the minister would prefer to have the provincial authorities settle that problem.

That is only with reference to Ontario. There are other sections of the highway where there will be just as great differences of opinion as to the choice of routes. I am confident the government will have to face in time—and I feel certain the government of necessity will do it in the future—the building of not just one trans-Canada highway following any definite route. There are a number of places all across the country where alternate routes are needed, and where two or more alternate routes have advantages.

I certainly visualize the time when, having spent the $150 million of federal money on the building of one highway—and I am not particular which route that highway follows—we shall then follow that up by building alternate routes. For instance, in Ontario such alternate route might follow the Ottawa valley, or go around by Toronto, Yonge street and North Bay. In northern Ontario it might go through Kapuskasing, with an alternate route following the Canadian Pacific along the north shore of lake Superior. A similar situation has developed in the west.

I believe that in future this condition will have to be met, and not by one highway. The minister and other members of the cabinet might as well make up their minds now—because they will have to do so later—that they are not going to get off by contributing to just one trans-Canada highway following one definite route. There will be considerable national advantage in having alternate routes in certain provinces, and possibly feeder lines from certain points on the United States border so as to make it convenient for American visitors coming to this country to reach the trans-Canada highway. Those feeder lines will be just as important a part of the trans-Canada highway as the main highway itself.

If the minister thinks for one moment that the federal government is going to get away with building only one route, contributing $150 million over a period of seven years, and then pulling out of the project and leaving it to the provinces, he is not taking a realistic view of the situation. Indeed I doubt whether that is the point of view held by the minister.

There has been some comment concerning the authority the act will give to the minister. One section for instance states that the minister's authority will include supervision over the calling of tenders, and gives him the authority to review specifications. I would express the hope that the minister's intervention in this sphere may help to some extent to curtail the degree to which patronage enters into the building of our highways. It is possible that the power given the minister under the act could be used for that purpose. On the other hand it could be used to increase the use of patronage in the building of the highway, in which event we would have involved not only provincial but federal patronage.

Any hon. member who has any knowledge of what has happened in connection with the building of highways will realize at once that there is no one phase of public works that has been more bedevilled by political patronage than the building of our highways. If the minister's help and influence can be used to prevent the injection of political patronage, or to eliminate it even in some small degree, and if he will make a serious and honest attempt to obtain good value for the dollars spent in highway construction, I am sure the country will benefit.

If the minister can give us a little more information as to the formula to be followed in the allocation of funds to the provinces, and an estimate of how much of this $150 million is likely to go back to the provinces as reimbursement for money they have already spent, and how much will be available for new construction, it will be helpful. He might feel free also to give us his own view as to whether he honestly believes the federal government should go into this business for seven years, spend $150 million and then turn the whole thing back to the provinces.

Mr. J. A. Bradette (Cochrane): Mr. Speaker, it is with some diffidence that I rise at this time to speak as briefly as possible. However, this is the first time I have spoken in this session.

Before proceeding further may I compliment most sincerely the Minister of Reconstruction and Supply (Mr. Winters). Speaking in the name of my constituents let me say, "You are doing a wonderful job, young man. You are following in the footsteps of your predecessor and have shown yourself enlightened and progressive in all your activities."

I was somewhat puzzled this morning when I heard my good friend the hon. member for Vancouver-Quadra (Mr. Green) insinuating that the Minister of Trade and Commerce (Mr. Howe) might have had some ulterior motives in presenting the trans-Canada bill. If I may speak for myself and for the people I represent, I would say that in the Minister of Trade and Commerce (Mr. Howe) we have one of the finest statesmen this country has ever produced. He did a marvellous job under difficult circumstances during wartime. He has accomplished things that have evoked

the admiration of the whole civilized world. He has been a great help in placing Canada, industrially, financially and commercially, in her present high position.

Why it has been found necessary in a discussion of this kind to impute certain motives to that worthy gentleman is beyond my comprehension. So far as I am concerned, and so far as northern Ontario is concerned, I believe I speak unanimously for all in that part of the country when I say that the Minister of Trade and Commerce is a man among millions who has accomplished things worthy of this country and of the whole civilized world.

Just one word about the fifty per cent contribution. There is no doubt that perhaps next year or within two or three years this legislation will be subject to some changes and amendment and the matter will be up again before this House of Commons for discussion. It is not fixed absolutely because, in dealing with this, time and cost factors are involved that must necessarily be reconsidered. I remember when the Quebec-Chicoutimi road was constructed it was expected that this would cost the province of Quebec $6 million, but up to date it has cost over $20 million and it is not yet completed. We cannot fix an absolutely definite figure for a matter of this kind for the reason that there is so much involved in it. The sum of $150 million is mentioned but it is possible that with the high cost of labour and materials that figure will be increased before the trans-Canada highway is completed.

I should like to say a few words about the routing of the trans-Canada highway. Happily for our people our constituency is in central Canada, geographically speaking, and we are always ready to take a national view of things. We appreciate the problems of the three western provinces in the routing of this trans-Canada highway, and we understand something of the difficulties faced by British Columbia in routing this highway through the Rocky mountains. I know the situation in Ontario and I know something about the problems faced by Quebec and, to some extent, those of the maritime provinces including Newfoundland.

The hon. member for Vancouver-Quadra (Mr. Green) belongs to a party that is very sensitive about so-called provincial autonomy and provincial rights, but he wants this government to overlap the activities and prerogatives of the provincial governments in connection with highways, a matter which under our constitution comes absolutely within the jurisdiction of the provinces. I wonder what would have been the reaction of the official opposition and its members if the Minister of Reconstruction and Supply (Mr. Winters) when presenting his bill this morning had said that this government had decided on the route of the trans-Canada highway. I would like to have heard what the leader of the opposition (Mr. Drew) would have said if we had attempted to take away provincial rights in that connection. The Liberal party takes a back seat to no other party in upholding provincial rights and maintaining the integrity of the provinces, and it will not change its position on this question.

A project of this kind should be considered as a national project. The trans-Canada highway should be national in scope. If you study the history of our country for the last forty years you cannot help realizing that great advances have been made in the northern sections of Canada, in northern Quebec, northern Ontario, the northern sections of the three prairie provinces and in northern British Columbia. In dear old Quebec during the last thirty years they have accomplished wonders in colonizing and settling the northern sections of that country. At the present time there are half a million of new population in the northern sections of Quebec. Those people are prosperous and comfortable. They have a really balanced economy because there is good land in the clay belt and the mineral resources have only been scratched up to the present time. There is great potential in hydro power and forest production.

The same can be said of northern Ontario, and we know what is taking place at the present time in Labrador. We have only to read the reports of the geologists to realize the great potentials in power and mineral production that are there. The same thing applies to northern Manitoba, northern Saskatchewan, northern Alberta and perhaps to a greater degree to northern British Columbia. If I were not considering this matter from a national point of view I would say that the trans-Canada highway should be routed northward from North Bay to Hearst to Geraldton and so on. But I am not going to argue that that route should be followed because I believe that the statesmanship of the leaders of Ontario is such that a really national route will be decided upon, and that the claims of the section just mentioned cannot be set aside.

When we are discussing the routing of the trans-Canada highway we must think in terms other than those having to do with the tourist business. The tourist business is important, but this is a national matter. Probably we shall not be building another trans-Canada highway for fifty years or more.

The ten provinces and the central government will have to get together and exercise their intelligence so that a truly trans-Canada highway in the full sense of the word can be provided for the Canadian people.

It will not be possible for all the large centres of population to be on this highway. I believe the people of Toronto and many other cities appreciate that situation. The hon. member for York South (Mr. Noseworthy) has said that all these large centres will be connected directly or indirectly with the trans-Canada highway. We should not have parochial or local feelings about this matter. We do not want to set up a cabal that will cloud the issue. We must remember that the trans-Canada highway will serve a great purpose in national defence.

We all hope and pray that war will never come, but we remember what happened during the last war. I remember the central government and the government of Ontario got together in order to build a section of highway from Hearst to Geraldton, and Fort William. This was done for national defence purposes. I repeat that not only will this trans-Canada highway serve national and international purposes; it will serve national defence purposes as well. Let us be logical in dealing with this question. I hope that in dealing with this matter the government of Ontario will have a national and not a parochial approach. I know this is a hard question for the provincial administrations to settle. I know that some people in my section of the country will not be satisfied unless the road goes through there because our claims have logic behind them, but after all I think they will be ready to accept loyally any route that is decided upon that will best serve Canada as a whole. That is the only way that a problem of this nature should be discussed.

One word about the maintenance of the road. We speak in general terms of our national economy and we want lower taxation as far as the federal treasury is concerned. Everyone wants to see expenditures cut down. This total of $150 million is a lot of money. It is not the government's money; it is the money of the Canadian people. Before the trans-Canada highway is completed no doubt the federal treasury will be called upon to pay an extra $50 million or $100 million.

I repeat that I believe in the maintenance of provincial autonomy and therefore I believe that highways should continue to remain under the jurisdiction of the provinces. Otherwise we shall have a duplication of services. Ontario has already constructed large sections of highway that no doubt will become part of the trans-Canada highway and this applies also to other provinces. At the present time the province is maintaining those roads which in many instances are hard-surfaced. The province has the necessary equipment and personnel for winter and summer maintenance. We would not like the federal government to take over any of those activities as there would be overlapping; as far as I am concerned I would strongly oppose anything like that. I want the prerogatives of the provincial government to be maintained in their entirety. But I go further on that score. If after a year or two, or longer, any province or all the provinces find the maintenance load is becoming too great for them to carry, I think it should be in order for them to come to the federal government with their pleas and arguments, and I am sure they would be received with an open mind.

I repeat that as a national parliament we have a responsibility to the people whom we represent to see that the money of the federal treasury is spent through the proper channels. I make that statement deliberately, because while many times we are told how expenditures may be curtailed, at the same time we hear suggestions for even greater expenditures. When a bill of this kind comes along, for instance, even if it proposed to expend three times the amount mentioned here some people would be asking for twice as much again. During the war I was Deputy Speaker and chairman of committees, and at one time I began to keep track of how much the opposition wanted the government to increase its expenditures; but after I reached a total of $5 billion I stopped.

That is the sort of thing we must guard against at all times because, I repeat, there is no mystery as far as governmental expenditures are concerned. The money comes from only one source; that is, the Canadian taxpayer. The hon. member for Vancouver-Quadra (Mr. Green), whose remarks are always very interesting, wants this bill enlarged right away. He says the government has been too slow in bringing forward legislation dealing with the construction of a trans-Canada highway, but in practically the same breath he wants the federal treasury to stand the cost of constructing transverse lines running north and south to the United States. Let us complete one big project at a time; then other problems can be considered. But let me repeat that we must have due regard for provincial rights and provincial autonomy in regard to certain matters which are the primary responsibility of the provincial government and highway administration is certainly one of them.

There may be complications with respect to roads already built. That would apply more particularly to the older provinces such as Nova Scotia and New Brunswick. Certainly it would apply to Quebec, because you can travel the length and breadth of that province on fine highways. More than that, a few years ago, if I am not mistaken, under Mr. Bouchard, who was then a minister in the Quebec legislature, the construction was commenced of that fine highway called Bouchard boulevard. Now what use is to be made of that boulevard? As far as I can make out it will depend upon the provinces of Quebec and Ontario coming to an agreement. This just illustrates the difficulties that may arise, which can be solved only if the members of all the provincial legislatures work together in a spirit of co-operation.

Then instances may arise where the cost will be either greater or less than in other cases, because you cannot follow rigid lines when working on a project of this kind. There will be many complexities to be met and overcome. The hon. member for Vancouver-Quadra said the government was slow. Well, I don't know. It seems to me this legislation is well timed. Is this not the logical time for it, a few years after the war? Surely no one will contradict me when I say it would have been impossible to start this work during the war. There was a period of six or seven years when it was absolutely impossible to even mention the construction of a trans-Canada highway. At the moment, though there may be local instances of unemployment only a few months ago we actually had over-employment, if I may call it that. The cost of material has been exceedingly high, and as I said a few moments ago we must be extremely careful. We may be budgeting for a trans-Canada highway that we think will cost $300 million, but by the time it is completed the cost may be $500 million.

These are some of the precautions the government must take. The legislation speaks in terms of a period of seven years. Well, I hope it will be completed in less time than that, but there are bound to be obstacles and delays; situations may arise which we cannot foresee at the present time, so that seven years may not be long enough. For a nation acceleration may not be always a good quality. It is true that we must work as quickly and as diligently as possible, but in a matter of this kind we must employ logic and thorough study at all times. Who can say that this fine project may not be completed in five years. Certainly the fact that the legislation mentions seven years is no reason to criticize it.

As to the route to be followed, I know that not a single premier, provincial minister or official of any of the ten provinces will criticize the central administration for not itself deciding upon the route. I am sure all the premiers and their legislatures are prepared to accept their responsibilities as they come along. This morning the hon. member for Vancouver-Quadra mentioned that New Brunswick had not definitely decided what route the trans-Canada highway should follow in that province, and there was some question about whether it should go through Saint John. That is one instance showing the difficulties the provinces must expect to face. Once this becomes a *fait accompli*, however, once the route has been decided upon, I am sure the Canadian people have enough common sense to accept the decision, if not gladly, at least loyally, and in that respect I am sure I can speak for my own section of the country.

When I hear of the proposed expenditure of $300 million for the construction of a trans-Canada highway I am pleased I know that it is a necessary project; I am proud of my country, because we need that national artery which will provide a wonderful means of more closely uniting our ten provinces. At the same time I must think in terms of the colonists, the settlers and farmers of northern Ontario, whom I know so well. Some of them have spent forty years in colonizing that part of our country, and they still have to go through quagmires of mud all summer, and are faced with impossible roads all winter. I like to see cars going along our highways at fifty, sixty or seventy miles an hour, with the people singing and happy. At the same time, having been a colonist and settler myself in northern Ontario, when I am in my own car travelling on our good highways I always have in mind those thousands of settlers and farmers in northern Ontario and also other parts of Canada who, with their wives and children, have to plow through mud and deep ruts all summer. If it had been possible I should like to have seen this legislation include provision for the expenditure of perhaps $25 million for rural roads on a fifty-fifty basis with the provinces. That is just a wish I am expressing, not with any desire to throw cold water on this fine scheme but so that people may realize that this is still a pioneer country and will be such for many years to come, because in northern Ontario, yes in the whole of northern Canada, we have the richest heritage on earth, which so far has just been scratched. The Pre-Cambrian shield offers us the greatest riches any country could wish to possess; that is why I am making these statements at this time.

I am absolutely in favour of the construction of the trans-Canada highway as rapidly as possible; but while that construction is going on I shall always have in mind the many farmers in all our provinces who are suffering through lack of proper roads. I do not say that in a critical way at all, but just in order that this national forum may realize that a section of our population which has done so much for the development of Canada in the last forty years, particularly northern Canada, should receive some consideration from the federal treasury in the near future.

Patronage has been mentioned; and I hope this can be avoided. I know whereof I speak, because in my youth my father, who was engaged in road work, was fired because he happened to be a Liberal. I would not want this to happen to anyone, because it is not Canadianism; it is not worthy of our nation. So I hope there will be safeguards to ensure that no one will be fired, no one will be hired, and no one will be refused a contract because he happens to belong to a party other than that which is in power at the time. Those are the things I know, because no one has been able to accuse this administration of patronage for the last sixteen years, and this is as it should be.

There is one clause with which I entirely agree, and I believe it will be of great help in building this highway. It is the clause in connection with tenders, which states that tenders and specifications shall be reviewed by the minister. I understand that in the province of Quebec there are no standards set for highway construction and no tenders for road contracts. I am not saying this critically, but the federal treasury must insist upon all necessary safeguards in all the provinces so far as contracts are concerned. I repeat that I hope there will be no patronage in the letting of contracts for construction, or in the hiring of workers so far as this great undertaking is concerned. It is necessary to take all safeguards. The Canadian people must be seized of the fact that this is a national undertaking in the full sense of the word, and that it will take the genius and ability of the people of the country to see that it is carried to a successful conclusion.

I believe that is all I want to say at the moment. Before resuming my seat I wish to express the hope that the provincial governments and the central government do not permit themselves to be swayed by the various factions, so that they will avoid having our trans-Canada highway look like that comic strip, the Toonerville Trolley, as it would if it went into all these little corners. We want a highway that will be as straight as possible from coast to coast, one which will exemplify the fine spirit of the Canadian people, and which will show that it is possible for all parties in Canada to get together to give to the present and future generations a link that would mean so much to their comfort, happiness and prosperity, and better understanding.

Mr. T. L. Church (Broadview): Mr. Speaker, it is always a pleasure and a privilege to follow the hon. gentleman who has just taken his seat. He has one of the most interesting personalities among members I have met during my time in this house. I have always believed in the principle of confederation which I have often said is akin to the principle in the old Cornish battlecry, "Each for all and all for each". I believe that is a good principle on which to base any solution of these grave problems that confront the people of this country after two long wars.

I rise to support, in a general way, the principle of this national project. As a social and economic necessity, it outranks anything of which I am aware, but it is subject to the reservation I always make, that it must be commensurate with the ability of the country to pay. Consideration must be had for the fact that we have taken part in two long wars, and that there are many national problems coming up each day. At the time of Sir Charles Tupper this country was spending $36 million per year, but it is now spending almost that amount in a day. The capacity of the country to pay has to be considered.

I wish to give the government some constructive suggestions in connection with this problem. Some of these suggestions were made by the leader of the opposition, and one concerned the capacity of the provinces to pay the amount named in the bill, fifty per cent of the cost. The leader of the opposition has stated he believes the determination of this percentage should await a provincial conference, and that is correct. Until such time as the various provinces know what revenues they will receive, it would be impossible for them to decide on this economic question.

I wish to deal with some of the economic problems involved in this problem, first from the local standpoint, and second from the national standpoint. Back in 1911 when Sir Robert Borden came into power, he appointed a former provincial cabinet minister, Frank Cochrane, who was then representing a new Ontario constituency, just as my friend does who preceded me in this debate, as minister of railways and canals. Mr. Cochrane had been the Ontario minister of lands and forests. He decided that Toronto's contribution to

good roads could be reassessed against the proposed federal road from Montreal to Windsor.

I wish to refer to the problem from a local standpoint. As you know, the city of Toronto was a pioneer in the building of good roads. The other day I referred to the fact that milk and dairy products could not be brought into the city—the children had no milk—because of the bad roads. I proposed a resolution, and we conferred with the county of York and the province of Ontario about it. I urged the city to give a voluntary contribution to improve the highways around our city from the east, the north and west. This embraced all the surrounding communities, including the riding of South York, which a member of the C.C.F. party represents at the moment. The city went into this scheme and, with the county of York, paid the cost of building good roads for fifteen miles around the city.

I am glad to see that the minister has included in the bill one principle which was not contained in the resolution so far as I could see, that provincial governments would be given credit in this national project for any work done towards making good national roads. Now, that takes me back to the Beveridge bill, which was introduced by the United States government. What was the Beveridge bill? I think the principle of it has been copied into this bill. The minister knows a great deal about this problem. I have found him to be a very industrious minister, and one who looks ahead. I believe this Beveridge bill was passed in 1916 or 1917, and the whole of the national project was paid for with federal funds. But it compelled the various states—what we call provinces—to have a standard contract with Washington on a national standard plan. The federal government paid up to fifty per cent. As long as they had standard plans for the highway they could qualify under what is known as the Beveridge national highway bill. It was one of the finest national bills that I think the United States ever had. They were pioneers in the good roads movement. I think that has been explained in connection with the new provision which the minister has in the bill. It makes it a national work.

I remember when the city of Toronto proposed going in on the Hamilton highway, when Mr. Cochrane was the minister of railways and canals. A deputation of us came down to Ottawa; I think the members were from Hamilton, Toronto, Oakville and other places. We met the government to discuss the matter. What was done was this. The city of Toronto went in by agreement with the city of Hamilton and the Ontario government. To do what? To build the Hamilton highway. We were to pay only forty per cent of the capital cost of the work. That did not include upkeep or maintenance. In the contract I insisted on having a term specifying a direct route from A to B. Afterwards the Ontario government appointed what was known as the Ontario-Hamilton highway commission, a provincial government commission. What did they do? They just tacked something on to the agreement and made it retroactive. They compelled the city of Toronto to pay forty per cent of the costs for the total upkeep of the work, which accordingly exceeded by a large sum the capital sum; and it was not to go from A to B direct. It was to make a detour past certain people's farms at a place whose name I just cannot think of now. It went up the lakeshore road, and thence down into the village of Oakville. It was then a village; it is now a town. It went thence along past certain people's farms and it was not a direct route at all. The result was that it added greatly to the cost of the work. In the second place, it was retroactive and it compelled the city, notwithstanding the honourable agreement we had with Hamilton and the Ontario government, to pay forty per cent of the upkeep costs. That should not have been.

Then a deputation from Toronto, Hamilton and other places came down to Ottawa about the matter—the Borden government had come into power in 1911—and waited on the then minister, Frank Cochrane. The minister said this national road was to be part of the Windsor to Montreal national highway, and that Toronto would be recouped its share of the costs, including capital and maintenance. I am glad to see that in the amended bill there is some provision made for it now.

I may say that the public wants to see the correct picture in connection with this national highway. As a municipal officer I found that our city, which was the pioneer on the local end of it and many other national features, was not objecting, although it is the main tax-paying city of the dominion. As far as I can see, we do not wish to offer any opposition provided we are able, which we are now under the new amendment, to get contributions in respect of highways previously constructed. There should be some way of working out that plan in the national picture accordingly.

I shall speak for only three or four minutes more. I am sorry that in the early twenties the national railways, which recently had been taken over by the Meighen administration and united into a national system now known as the Canadian National Railways, and the Canadian Pacific railway were not a

little bit more progressive than they were after the first war. I remember in 1920, 1921 and 1922 when we were urging them to go into the motor bus and motor truck systems, they backed up on it and said they had no funds for it. They could not see what the good roads movement meant to these railways. They might have got the cream of the business. Instead of that, they have turned it over largely to private ownership, to the trucks and buses. I was sorry that in any solution of this problem the national railways lost track of that particular matter. The railways were not progressive enough to take advantage of the situation, with the result that they themselves created the situation by which they are done out of the cream of the truck and bus business when they could have had it just for the asking. It would have acted as a feeder to the same railways and would have kept them from going bankrupt and applying for increases in rates as they are doing in various sections of this country at the present time. It would have provided a large revenue for these systems. I am sorry they did not go into it.

As to the annexation of these various districts to which the hon. member for York South (Mr. Noseworthy) referred, we found that it was far better, instead of annexing these various outside sections of the city—and many of them are in the city now—to give them certain municipal services like water, sewers, good roads, health regulations, police protection, fire protection and the general municipal services. We found that it was better to do that than to annex them, bring them into the city and give them many of the other services which would have been given at the expense of the taxpayers as a whole.

I doubt if there is any city on the North American continent that has contributed more to the good roads movement than our city of Toronto. There is no bigotry in that city. There is a warm feeling for the people of the east and of the west, as was shown last Saturday. I believe that what I say today many others will take up tomorrow. I was speaking to the Prime Minister (Mr. St. Laurent), through you, sir, the other day about the expansion of the cabinet. I said he would have a cabinet of sixty, and he told me I would not be one of them. I never wanted to be one of them. I point to that consideration. I told him it looked more as though we would have in the cabinet a committee of one hundred; it might go to that. It is the same with other problems. What I say today, probably others will say tomorrow. But that does not make any difference. Our city is one which has been built up by progressive people. They have done something for public health, for good roads and in every way they have shown their appreciation of other parts of the country, as they did last Saturday in a manner which I think will do a great deal of good for the cause which is near and dear to the Prime Minister's heart, namely, unity from coast to coast among the people of this country.

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I should like to make a few remarks on this bill. As a British Columbia member I want to express my opinion. I am sorry to say that I entirely disagree with the hon. member for Vancouver-Quadra (Mr. Green) if I understood him aright in the remarks he made on the trans-Canada highway. It will be admitted by anybody who knows Canada that in British Columbia it costs a great deal more to build a highway than it does in the other provinces of the dominion. I understood the hon. member for Vancouver-Quadra to say—and he can correct me if I am wrong—that we should not be recompensed for what we have already spent. I entirely disagree with him.

Mr. Green: May I correct the hon. member? What I said was that money would be better spent on constructing this highway. I pointed out, for example, that under the bill it could be spent for putting up buildings or doing some other work entirely unconnected with the highway. I said it would be better spent in building the highway.

Mr. Cruickshank: I am glad the hon. member for Vancouver-Quadra has corrected himself, for I still entirely disagree with him. In British Columbia we should have our rights and our fair share of buildings, or any other public project for the betterment of Canada, irrespective of the trans-Canada highway.

Mr. Hatfield: Will it go through the Fraser valley?

Mr. Cruickshank: It just happens that I am sitting pretty in the Fraser valley. No matter what route is chosen, it has to go through the Fraser valley. I do not know what route will be chosen for the trans-Canada highway. That is up to the provincial governments. We have just completed 88 miles of construction within the province of British Columbia which is known as the Hope-Princeton highway. Unfortunately in the last couple of days part of it was washed out in the storm. It cost us $12 million, which we in the province of British Columbia paid. It may or may not be used as part of the trans-Canada highway. That is up to the provincial government. The route will be either the Hope-Princeton highway or the Cariboo highway. One of these

routes must be used as the trans-Canada highway. We in British Columbia paid for all that construction. I disagree with the hon. member for Vancouver-Quadra. I think we should be recompensed for it. I am not begrudging anything to the prairie provinces at all, but obviously for $100,000 you can build far more miles of a highway across the province of Saskatchewan than you can across the province of British Columbia. They do not have the mountains to contend with; they do not have the obstacles that we have to contend with. I do not know which department this comes under; I presume it comes under the Minister of Trade and Commerce (Mr. Howe), since almost everything is under his department. Therefore I hope he is listening to me. I believe that we in the province of British Columbia should be recompensed for what we have already spent in building this road through the Rocky mountains. Obviously it costs us more to build highways through our province than it does in any other province in Canada.

If this highway is to be built on a fifty-fifty basis, which I do not think is right—I think the federal government should pay more than fifty per cent—then we in British Columbia are entitled to more than fifty per cent. I repeat that we in British Columbia should be recompensed for what we have already spent on what must be the ultimate route to the Pacific coast. No matter what route is chosen it must go through that canyon, and we have built that ourselves.

Never mind your public buildings. If we are not entitled to our share, if we do not get our share of public buildings, then there is something wrong with the British Columbia members who do not see that we get it. The money that we have spent on this highway which will be part of the trans-Canada highway should be repaid to us, even though it was spent prior to the construction of the trans-Canada highway.

Mr. J. H. Blackmore (Lethbridge): Mr. Speaker, with what the hon. member for Fraser Valley (Mr. Cruickshank) just said I am in hearty agreement. Anyone who has gone over the roads which have been built with almost incalculable toil and expense by the British Columbia people would have to agree with what the hon. member said.

I think that the hon. member for Vancouver South (Mr. Laing) did the country a service when he put on record some of the costs which have been involved in constructing these roads, which really are fine roads, in the province of British Columbia. I do believe that British Columbia should be recompensed. Even if they wanted to spend some of the money in clearing off debts which they have accumulated in building these roads I see no reason why they should not be allowed to do so. We are all going to benefit by the improvements which British Columbia makes in her roads as part of Canada.

I desire once more to congratulate the minister and the Prime Minister (Mr. St. Laurent) on initiating this policy of systematic aid to the provinces in building roads. It is one thing to talk about things; it is another thing to begin to do them. These men have begun to do things. That is what I always respect. My father used to say to me when I talked overmuch around home: "Son, talk is cheap, but it takes money to buy whisky." He never used any whisky, but he used the illustration. So now we want to begin to do things in Canada, not talk overmuch about them.

I agree with the minister that the provinces ought to be recompensed, as he said in his speech this morning, for the amount of money which they have spent on building roads which will ultimately become a part of the trans-Canada highway—I would say a trans-Canada highway system, because I am quite sure it will not be very long before everyone will come to realize that there must be a system of trans-Canada highways to service the vast areas which constitute Canada. I also agree that the provinces ought to be free to spend the money as they choose. All one needs to do once more is to look at what British Columbia has done or at what Alberta has done to be impressed with the fact that these provinces have known how to spend money wisely. They have known what constitutes desirable achievement, and they have attained it. I agree too that the provinces ought to come to agreement on the route. These routes are purely a provincial matter. It will be said: Well, suppose the provinces do not agree as to which routes ought to be constructed. This constitutes one of the most cogent arguments in support of a system of highways. I have no doubt that the provinces of this dominion, if given a chance, will do those things which ultimately are in the best interests of this nation.

On November 21 I advocated a system of highways comparable with the national interregional system of the United States. I still think that suggestion is worth careful consideration.

I cannot share the minister's opinion that the help being offered by Canada at the present time, or that which was offered in the past, in any way compares favourably

with the assistance the United States has been giving the states in the matter of constructing highways.

Even granting the fact that that nation is very rich and populous, Canada has fallen far short. I believe hon. members will be interested in having some facts which have been gathered from page 253 of the World Almanac and Book of Facts for 1949. It states:

> The federal works agency reported highway construction in the United States in 1947 cost $1,154 million or 63 per cent more than in 1946. Costs, however, were higher in 1947 and physical volume increase was only 43 per cent. The agency said construction on federal aid-highway programs in 1947 accounted for more than half the costs or $586 million. State work amounted to $246 million and construction at the local level $322 million.

In his budget message to congress on January 10, 1949, President Truman said that the forest roads and trails under the Department of Agriculture in 1948 accounted for $18 million of expenditures. In 1949 it was estimated it would be $26 million, and in 1950 it was estimated at only $3 million. Apparently that type of road was tapering off. He pointed out that the Alaskan and Indian roads under the Department of the Interior in 1948 actually cost $7 million, while in 1949 they were estimated to cost $19 million, and in 1950 to cost $28 million.

He pointed out that the public works administration, under the federal works agency, in 1948 actually cost $331 million, whereas in 1949 the estimated cost was $444 million and in 1950 the estimated cost $501 million. Included in the 1950 estimate of $501 million is $470 million as grants in aid to the various states for work construction.

In his budget message President Truman said, as reported at page M-59:

> Even with this high level of federal aid, our highways are not being improved as fast as they wear out, nor are they being modernized to the extent required by postwar traffic conditions. Nevertheless present high costs and the limited capacity of the construction industry make it undesirable for expenditures in the fiscal year 1950 to exceed the estimated level of $501 million.

Those figures, and the quotation, indicate the attitude the United States is taking in respect of this whole matter of the construction of highways throughout that country. I believe their conditions are fairly accurately or properly comparable with the conditions obtaining or shortly to obtain in this country. Therefore, as I said, I cannot share the minister's optimism when he states that Canada is doing anything comparable with what the United States is doing.

Here are some further considerations which add weight to my conviction. I have before me some figures which show federal aid in the United States between 1929 and 1948:

Year	Amount voted	Per capita vote
1929	$ 84,500,000	·69
1930	163,000,000	1·32
1931	147,578,800	1·19
1932	262,000,000	2·10
1933	548,935,700	4·37
1934	245,284,508	1·15
1935	415,472,489	3·27
1936	143,286,687	1·12
1937	138,500,000	1·08
1938	222,333,333	1·71
1939	225,118,188	1·72
1940	150,666,667	1·10
1941	183,791,667	1·38
1942	364,150,000	2·70
1943	256,449,085	1·88
1944	30,000,000	·22
1945	(Not given)	(Not given)
1946	535,265,000	3·71
1947	525,000,000	3·65
1948	525,000,000	3·51

I believe the minister and all other hon. members will agree that this indicates a much greater increase in expenditures by the United States than even this relatively generous bill proposed by the minister envisages for Canada. It is in my opinion only fair that the federal government should contribute far more generously, more consistently and perhaps perennially for road-building in Canada than the minister appears to have in mind at present. The appropriations the Canadian provinces would have received if they had been receiving a similar per capita appropriation during the years for which I have given the United States figures may be computed by multiplying the populations of the various provinces by the per capita rates I have given. Anyone who would take the trouble to look into the population figures and make these computations would be astonished at the amount of money Canada ought to have given the provinces, but which has not been given to them.

As a whole Canada has dealt rather stingily with the provinces from beginning to end, if the comparisons which I have are accurate—and I believe they are. In comparison with what the central government of Australia has done for the states of that dominion, Canada's achievements I would say are genuinely shabby. The computation to which I shall now refer has been made by one who is thoroughly competent to make it. I shall not give his name, but I believe his figures are accurate—he believes they are.

He says that the average yearly payment by the dominion to the provinces from grants out of total revenues for the years 1868, 1878, 1888, 1898, 1908, 1918, 1928 and 1938 was

4·35 per cent. That is, the dominion gave the provinces altogether 4·35 per cent of the moneys taken in as the grand total revenue during those years. From the grand total revenue in 1941 the dominion paid to the provinces 2·20 per cent. From the grand total revenue in 1946 the dominion paid to the provinces 3·73 per cent.

Contrasted with this the average yearly payment by the commonwealth of Australia to the states from their grand total revenue for the years 1927 to 1945, a period of eighteen years, was 16·07 per cent—16·07 per cent as against something like four per cent. That makes Canada's contribution look like small potatoes.

I should like to say something now about what Canada has done and about the money that the dominion government has taken away from the provinces under the taxation agreements that were consummated with seven of the provinces in 1947. These figures are given in a return tabled by the government in the House of Commons on April 26, 1948. During the fiscal year ended March 31, 1948, the dominion collected the following taxes from the seven provinces:

	Personal Income Tax	Corporation Income	Excess Profit	Succession Duty
Prince Edward Island	$ 1,236,995	$ 686,984	$ 328,478	$ 54,361
Nova Scotia	15,492,763	7,711,449	4,756,529	1,206,125
New Brunswick	11,853,532	6,414,309	4,194,833	625,048
Manitoba	33,095,159	16,300,637	14,592,878	790,287
Saskatchewan	22,893,141	4,665,839	4,938,309	699,272
Alberta	30,858,199	9,127,855	6,684,201	1,003,977
British Columbia	66,517,175	48,621,456	26,510,672	2,747,214

What did the dominion do with all that money which they collected from the provinces? That is an interesting question. The amounts paid by the dominion government, exclusive of the statutory subsidies which would have been paid anyway during the fiscal year ended March 31, 1948, were as follows:

Prince Edward Island	$ 1,635,189
Nova Scotia	10,033,372
New Brunswick	7,821,817
Manitoba	12,661,301
Saskatchewan	13,681,361
Alberta	13,205,173
British Columbia	20,289,281

In that time the dominion collected from the seven provinces a total of $344,607,659 and paid out $79,327,497 in compensation, or for every $434 collected by the dominion from the provinces it paid back $100. Pretty fine business for the dominion government.

Mr. Laing: What federal expenditures in the provinces are included in the figures given by the hon. member? There would appear to be something wrong with the hon. member's figures because I know there is a great deal more money than $20 million, as indicated, going into our province.

Mr. Blackmore: I listed the payments to the provincial governments to replace the revenue which they would have collected had they collected those taxes.

Mr. Laing: You were not including the federal expenditures in the provinces?

[Mr. Blackmore.]

Mr. Blackmore: Not by any means. It must be borne in mind that these are not the only heads of revenue. The dominion gathers from the provinces customs tariffs and sales tax which add greatly to the costs of the provinces. Then there are other imposts. I do not think I was at all unfair in the figures I have given.

I do not think there is any argument to be advanced against a free and generous participation by the dominion government in the construction of roads in Canada. Once more I congratulate the minister and the Prime Minister and the government, and I think I shall have to include the Liberal party, upon having initiated this system of federal aid to the provinces.

There are three main points which I think need to be stressed in considering this subject. First, Canada should spent much more money on the construction of roads as well as upon the provision of a good many other services in the provinces. Second, Canada should plan and construct a system of highways all over the country in conjunction with the provinces. Third, Canada should allow the provinces to spend the money.

There are several questions which I think this house and the country would like the minister to answer if he has the facilities at his disposal to obtain the information and make the computations before we finish discussing the trans-Canada highway. First, how much money has the Canadian government contributed to the construction of highways since 1920 in each province of Canada?

Second, how much has each of the provinces spent on highways during the same period?

Third, why did the minister choose this amount of $150 million rather than $10 million more or $10 million less? In other words, what was the criterion by which he arrived at the amount of $150 million? Did he suppose that that amount was particularly appropriate or did he just pick that figure out of the blue?

Fourth, has the minister considered a system of highways throughout Canada and has he formed any opinion as to what such a system would cost?

Fifth, can he give any reason why the government should not make up to the provinces for what they have lost in the past because of federal neglect in connection with highway construction? Can he offer any logical reason why the federal government, realizing its past error even at this late date, should not begin to make restitution as an indication of true repentance for misdeeds in earlier days?

Sixth, can the minister state the amount of money the dominion has expended on highways since 1900? This would cover roads to national parks and in national parks which the dominion has constructed.

Seventh, is there any reason why Ottawa should not bear the cost of upkeep occasioned by unusual situations such as that in Alberta in connection with the Alaska highway brought to the attention of the house by the hon. member for Peace River (Mr. Low) on November 21 and that in New Brunswick brought to the attention of the house by the hon. member for Royal (Mr. Brooks) this afternoon?

I think matters of this sort should be carefully recognized and studied and weighed, and allowed for.

Now, Mr. Speaker, I wish to thank the house for its patience in once more listening to a talk from me on this subject, dear to my heart, as I believe it is dear to the heart of every hon. member here. I hope that as a result of our deliberations we may formulate a plan and policy under which we shall be able to provide our country with the kind of fine highway system everyone dreams of, which, I believe, will greatly help to increase the prosperity and happiness of our people during the coming years.

(Translation):

Mr. Maurice Bourget (Levis): Mr. Speaker, I wish to make a few remarks on this bill. First of all, I should like to thank the government for this legislation which is so generous to the provinces. I also desire to compliment the Minister of Reconstruction and Supply (Mr. Winters) on the clearness of the explanations he has given us in connection with this measure. I am aware that, as a trained civil engineer, he is particularly fitted to assume the responsibility of such a project.

If my information is correct and also if what I have read from time to time is consistent with the facts, all provinces or a majority of them would accept the generous bill introduced by the federal government. The stand taken by most members who have made some observations this morning and this afternoon shows that it is admitted in principle that this bill is in the best interests not only of the country at large but also of each province.

I think it would be quite unnecessary to dwell at length on the touristic, economic and military advantages offered by this bill. That is why I was astonished this morning by the statements of the hon. member for Vancouver-Quadra (Mr. Green). He brought forward so many objections that, although he finally agreed with the principle of the bill, one could have inferred he was against the measure as presently proposed. Actually the hon. member would have the federal government pay one hundred per cent of the construction costs and also pay costs of maintenance.

Well, under the circumstances, it would be easy to infer that in letting the federal government pay one hundred per cent of construction costs, and later pay for maintenance, it would be a recognition of the federal government's jurisdiction over this highway. Although I am neither a lawyer nor an expert on constitutional issues, I think we all agree that the question of provincial roads, legally speaking, belongs exclusively to the provinces, even if provincial roads have to be used in part for the trans-Canada highway.

Mr. Speaker, I now ask the house again, hasn't the Liberal party always shown that it aims to protect provincial autonomy, that it will not change its attitude as one hon. member, apparently expressing the opinion of the Progressive Conservative party, did this morning? We have always maintained the same policy in respect of provincial autonomy. The minister, in his talks with the provincial premiers or the provincial ministers of highways, has always been careful not to encroach

upon provincial autonomy. This bill, as all members will agree, is another striking example of the eagerness of the Liberal party, which has been attacked on various occasions, to maintain and protect provincial autonomy.

I hope that the press, especially that of the province of Quebec, will spread the news that once again the Liberal party is giving tangible proof of its absolute respect for provincial autonomy.

The hon. member for Vancouver-Quadra was critical about another aspect of the measure. He asserted that the seven-year period was too long for the construction of that highway. I do not claim to be an expert in the matter, although as a civil engineer I have had some experience in road-building. However in the opinion of specialists, contractors would be unable, with their present set-up and equipment, to build this road in less than ten or twelve years. That period could possibly be reduced to six or seven years, if the provincial authorities preferred to secure the services of contractors from other provinces. As everyone knows, every province—and especially Quebec—keeps a jealous watch over its autonomy. I believe it would be very difficult to use contractors from outside to do the work. That is my answer to the point raised by the hon. member for Vancouver-Quadra. The seven-year period is entirely logical, but time alone will tell more conclusively whether it should be extended since we lack the physical means to complete the work in such a short time.

In this respect, I believe that, without in any way dictating to provincial authorities, it is quite proper for a member of this house to stress, in the course of such a debate, the interests of his constituency. Hon. members, and more particularly the Quebec representatives, know that in 1940 or 1941 that province started to build a highway on the south shore between Quebec city and Montreal. This boulevard, named after Sir Wilfrid Laurier, has many good points. For instance it is 160 feet wide, which incidentally makes it well in keeping with the provisions of the bill now before the house. It could therefore serve as a splendid extension of the trans-Canada highway.

May I suggest to the hon. minister that in his future discussions with the ministers of the provincial departments of highways, he should point out to the minister of highways of the province of Quebec the advantage of selecting this splendid road begun in 1940 or 1941, but discontinued later on. National interests would be well served if this section were to become part of the trans-Canada highway, since it would be completed sooner and at less cost. In addition, it would reduce the distance between Montreal and Quebec by fifty per cent.

This route would provide many advantages to the city of Montreal and the surrounding district. However, we feel it would provide even greater advantages to the Quebec, Gaspe, North Shore, Charlevoix, Lake St. John and Chicoutimi districts.

I do not wish to labour the point, but I hope the Minister of Reconstruction and Supply will put forward all the arguments in favour of this route, in which my hon. colleagues from Lotbiniere (Mr. Lapointe), Nicolet-Yamaska (Mr. Boisvert), Drummond-Arthabaska (Mr. Cloutier) and Richelieu-Vercheres (Mr. Cournoyer), as well as those from that part of the south shore of the St. Lawrence are greatly interested.

I am not doing this for political reasons, but it does seem to me that this is an excellent occasion to show all the advantages of this route. I therefore consider it to be my duty to explain these advantages to the house.

Mr. Speaker, those are the few remarks which I wanted to make. I would have liked to address the house in English, but, unfortunately, I only had a few minutes during the noon recess to prepare these remarks.

Such a bill well demonstrates that the Liberal party is not furthering its particular ends in this matter, and that the construction of this highway is intended to foster the economic development of all the provinces. We are showing once more our desire to work in the interests of the nation as a whole. I hope that the highway ministers of the other provinces will approach this matter in a spirit similar to ours for the good of the country as a whole.

(Text):

Mr. H. R. Argue (Assiniboia): Mr. Speaker, in common with the other members who have taken part in this debate, I wish to congratulate the minister on his presentation of this bill. I do hope that a trans-Canada highway will be built as a result of this move. I should like to point out, however, that the position of the government today is quite different from the position it took at the

dominion-provincial conference on highways last December. In this connection I have previously pointed out that the western provinces understood the federal government would be prepared to pay one hundred per cent of the cost of construction of the highway.

I was sorry to hear the minister state that the provision calling for every province to agree to pay fifty per cent of the cost before work could be undertaken in any province would still apply. I noticed that the minister said he felt sure most of the provinces would start construction work in 1950. I am sorry he could not give the house assurance that all provinces would commence construction in 1950. In my opinion the $150 million provided by the bill will be found inadequate. I question, too, the wisdom of paying the provinces for part of the cost of the work they have done on the trans-Canada highway since 1930. I should like the minister to give us the figures to show what each province has spent on its portion of the trans-Canada highway from 1930 to date. It seems to me that such a provision might result in an unfair distribution of a large part of the $150 million. It would seem to me that it might be an encouragement to some of the provinces to do little work on the trans-Canada highway. If a province knew it had $10 million or $20 million coming to it for work undertaken since 1930, then it might use that money for other services or in other ways than building roads.

I should like to deal, Mr. Speaker, in particular with one statement the Minister of Reconstruction and Supply made in introducing this measure. He said that the pattern followed by the government in relation to the trans-Canada highway was similar to the pattern followed in the United States, and that the federal government would pay fifty per cent of the cost of construction. I wish to point out that the formula and policy followed by this government in respect to the trans-Canada highway is much different from the highway program being followed by the United States government. I need only mention that this government does not propose to pay one dollar to the provinces to aid in the construction of secondary or farm-to-market roads.

The government does not propose to pay fifty per cent of the total cost of taking the trans-Canada through some of our large urban areas. Certainly, the program and pattern followed by the government of Canada with regard to highways is far different from the program followed in the United States. Another example of the difference in attitude is that the introduction of a bill which will provide some money for the construction of a trans-Canada highway comes thirty-seven years later than the initial highway program undertaken by the United States in 1912.

The United States has a good highway system, as all hon. members are aware. According to the public roads administration annual report for 1948, the United States has a primary highway system totalling 231,977 miles. If Canada had a primary federal highway system which would give us the same number of miles of road per capita as exists in the United States, we would have 20,878 miles. The most that the trans-Canada highway will represent is approximately 5,000 miles.

The next great difference between the program of this government and the program in the United States is that in the United States the government has already contributed towards the construction of a secondary federal highway system composed of farm-to-market roads, school bus roads and rural mail delivery routes. The secondary system in the United States totals 377,622 miles of road. If this government made a contribution to the provinces of Canada to give the same number of miles per capita in a secondary federal highway system as the United States has, we should need to have a system composed of 33,986 miles of road. The total highway system in the United States as of June 30, 1948, towards which the federal government paid a portion of the construction costs, amounted to 609,599 miles. If the Canadian government did exactly the same thing as the United States government, on the basis of our population the federal government should contribute to a highway system composed of 54,864 miles of road. The 5,000 miles of road in the trans-Canada highway will amount to only one-eleventh of a highway system that is necessary to give Canada the same number of road miles per capita of population. If we compare that trans-Canada highway seven years from now, and if we assume that it is built and completed, then the federal government seven years from now will have aided in the construction of a total number of road miles equalling only eight-tenths of one per cent of the total highway system in the United States to which the United States government has contributed.

Another way that the proposed legislation varies greatly from the legislation in the United States is that no consideration is given to the increased cost of taking the trans-Canada highway through our large cities. I might quote a sentence from the

same booklet that I have already mentioned. On page 9, in relation to the interurban roads in the United States, it says:

> Provision of federal-aid funds specifically for urban improvements and the emphasis that has been placed on the construction of expressways as the only solution of the traffic problems for larger cities have led many cities to substitute bold and direct methods for ineffectual procedures that did not produce results.

The ineffectual procedures within urban areas that did not produce results within the United States in the past are exactly the kind of procedures that this government contemplates continuing in this legislation, since it does not propose to help the urban areas to take the highways through the cities.

As I have already said, this legislation does not propose to pay even one dollar toward the cost of secondary or farm-to-market roads. I should point out that the policy followed in the United States has resulted in 2,699 counties, or 88 per cent of all counties in the United States, embarking on a program of road construction within their counties, and that within the three years following the war $373,814,000 was paid from the federal treasury in the United States for the construction of secondary or farm-to-market roads.

In the fiscal year ended June 30, 1948, in the United States 6,432 miles of road were added to the federal highways system and 11,419 miles of road were added to the secondary or farm-to-market road system. In the United States federal contributions to secondary roads in that year were almost two to one as compared with those to the federal primary system.

The minister made the statement that the federal government in the United States is paying to the various states in the union not more than fifty per cent of the total cost of road construction.

I should like to read to the house some of the statistics shown in table 6 of this same report which sets out the total costs of road construction of various types in all the states and then shows the amount of federal contribution to that construction. The first state is Colorado. The total cost of construction of all primary roads in that state within the fiscal year ended June 30, 1948, amounted to $10,006,688. The federal government paid $5,799,640. Total contributions from the federal government to the construction of secondary roads amounted to some $2,087,808 of a total cost of $3,682,202. Within the state of Colorado, that year, $4,059,395 was spent on a highway system within the large urban centres. Of that $4,059,395, the federal contribution amounted to $2,587,152. The final total cost of road construction in the state of Colorado for that year amounted to $17,748,285, of which the federal government contributed $10,474,600; or for each $41 advanced by the state of Colorado the United States federal government advanced $59.

In the state of Montana, the total cost of all roads for the same year was $17,404,689; federal contributions amounted to $10,568,873 or a ratio of $61 to $39. Sixty-one per cent of the cost of construction of all roads in Montana in the year ended June 30, 1948, was paid by the federal government.

In New Mexico, the total cost of all road construction in 1948 was $12,623,954; the federal contribution was $8,045,461. In that year the federal government paid to the state of New Mexico 64 per cent of the cost of the construction of all roads in that state.

In the state of Wyoming in the same year the total cost of all roads was $9,178,227; the federal contribution, $5,972,801. As its share of the cost of construction of all roads in the state of Wyoming for that year the federal government paid 65 per cent.

In the state of Arizona, in the same year, the total cost of all road construction was $8,823,178; the federal contribution was $5,824,907. In that year the federal government paid 66 per cent of the cost of all road construction in the state of Arizona.

The last state I wish to mention is Utah. In that year the total cost of primary road construction was $4,151,691 of which the federal government paid $3,038,871. The total cost of secondary highways was $2,733,167, of which the federal government paid $2,032,511. In the state of Utah for that year the total cost of all roads amounted to $6,884,858, of which the federal government paid $5,071,382. In the state of Utah within that year the federal government paid 74 per cent of the construction costs, not of one highway running across the United States, or even of a federal primary highway system, but of the main interstate highways, the secondary roads, farm-to-market roads, school bus roads and rural mail delivery roads.

I fear, Mr. Speaker, that the government's formula under which it will pay only fifty per cent of the cost is not a formula that will assure the building of the trans-Canada highway even within a seven-year period; and that formula does not take into account the needs of the various provinces, the difference in construction costs, the size of population, the area and other factors which are taken into consideration in the United States formula. I rose, Mr. Speaker, mainly to point out that the minister was incorrect this morning when he said that the pattern followed in this legislation was similar to the pattern followed in the United States. I

would ask him to attempt to influence his colleagues, if he can, to bring in an adequate highway program that will meet the needs of the Canadian people, irrespective of the part of Canada in which they may reside.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, I am quite sure the whole country—

Mr. A. W. Stuart (Charlotte): Mr. Speaker—

Mr. Casselman: Mr. Speaker, may I point out to you that an arrangement had just been made, with the Speaker who was in the chair before you relieved him, that the hon. member for Kamloops (Mr. Fulton) would have the floor next.

The Acting Speaker (Mr. Beaudoin): Perhaps I should point out to the hon. member for Grenville-Dundas (Mr. Casselman) that I saw on my list the name of Mr. Stuart (Charlotte) above the name of Mr. Fulton. If an arrangement has been made I shall be pleased to recognize it. Therefore, if the hon. member for Charlotte does not object too strongly, I will call upon the hon. member for Kamloops to take the floor.

Mr. Casselman: I move that in accordance with the arrangement made the hon. member for Kamloops be now heard.

Mr. Sinclair: Put the question.

The Acting Speaker (Mr. Beaudoin): I do not think there is any need for me to put the question. I think I can decide. If the whip of the Progressive Conservative party is agreeable I will decide now that the hon. member for Kamloops may speak.

Mr. Stuart (Charlotte): Before the hon. member speaks I should like to say a word. For half an hour I have been trying to get the floor. I do believe that with a hundred and ninety Liberal members in the house and sixty or seventy opposition members a government member should be given a chance to say a few words.

The Acting Speaker (Mr. Beaudoin): Perhaps I should add to what has already been said. Before I took the chair I had seen the hon. member for Charlotte rise at least three times. As hon. members know, a certain practice is sometimes adopted for debates on second reading of a bill, whereby a list of speakers is made in advance, and the Chair usually follows that list. The only reason that I called on the hon. member for Charlotte to speak was that there was no other indication, so far as I was concerned, that any arrangement had been made. The whip of the Progressive Conservative party can see from this list that above the name of the hon. member for Kamloops there is the name of the hon. member for Charlotte.

A point of order has been raised by the hon. member for Charlotte and it will deserve consideration. When speakers' lists are made in the future I know that hon. members will co-operate with the Chair. After all, I have just taken the chair to replace my predecessor. I am sure hon. members will co-operate with the Chair in this instance. Since it has been brought to my attention that an arrangement had been made, of which I was unaware, I will call upon the hon. member for Kamloops.

Mr. Fulton: May I refer to the point of order which has been raised? I think it would be proper to point out that the arrangement made with the Speaker while he was in the chair was that the order of speakers now being followed should be followed. In addition I might point out that since the last member of the official opposition spoke two members of the government party have spoken; therefore I do not think it can be alleged that any predominant position, even on a numerical basis, is being given to the members of the official opposition.

Speaking now to the subject matter of the bill before the house, I am certain that all the country will be glad to know that the government has now accepted the principle of federal responsibility for providing aid in the construction of a trans-Canada highway, for that acceptance is given its final form and proof in the bill which we are now considering. But at the same time I think that the country will regret the fact that this bill represents only a limited acceptance of that principle; the acceptance in this case of even the principle of providing aid to the one trans-Canada highway being limited by the features that it will be extended for only seven years and that the total amount of the aid is limited to $150 million, and for the reasons pointed out by the speaker who has just taken his seat that that amount may not be sufficient to build a first-class highway. It is also limited by the feature that no share of the cost of maintenance is to be provided by the federal government.

I also believe, Mr. Speaker, that the country will regret the fact that there has been only a limited application, or a limited acceptance of the principle which is widely accepted throughout the country, namely, that there should be federal responsibility for the joint construction and maintenance of a first-class highway system in this country. I think that is the main weakness of the bill, as is evidenced in certain particular aspects of it to which I should like to refer later.

However, as I said at the outset, I think the country will be glad that we are going as far

as this bill goes, if for no other reason than that it has taken us so long to get even to the point where we are beginning.

This matter first came before the parliament of Canada in a concrete way as far back as 1912, thirty-seven years ago, when the government of Sir Robert Borden introduced a bill to provide for federal aid to the provinces for the construction and maintenance of highways. It is interesting to observe that that bill passed the house. It was accepted in principle in 1912 by all parties in the house, but it was defeated in the Senate, where, at that time, there was of course a Liberal majority. For that reason the bill did not become law. Exactly the same bill was introduced in the house again in 1913. On both of these occasions the bill was introduced by the minister of transport of the day, and it had exactly the same fate. It was accepted in principle by both parties in the house. The Liberal party, which then formed the opposition, stated explicitly that, although there were some features of the bill which they did not approve of, they did agree with the principle of the provision of federal aid to the provinces for the construction and maintenance of highways. But again the bill was defeated by the overwhelming Liberal majority in the Senate at that time. The matter fell into discard during the war years from 1914 on, and it was not until 1919 under another Conservative government that the first highway aid bill finally passed both the House of Commons and the Senate and became law, providing for a limited measure of assistance by the federal government to the provinces for the purpose of constructing roads.

At that time it did not embrace merely the contemplation of one cross-country road. It was a general provision that the federal authority should aid the provinces in improving the general standard of the highway system of the country. Then, as the house knows, considerable money was spent under the provisions of the 1919 act, and further money was spent during the depression; but again the matter fell largely into disuse during the past war. In that respect it is interesting to compare our position with that of the United States, which started in 1916 with their federal aid system, and which during the war years, instead of allowing it to fall into disuse, provided for a substantial increase in the amount of federal aid to be paid out for their highways.

In 1944 they passed a statute in which they provided that for three years there should be a very substantial increase in the amount paid by the federal government in connection with the national system of interstate highways. So we have taken from 1912 to 1949 to make a real beginning on this question of a trans-Canada road, and even now, in 1949, we are beginning well back of the point where the United States started in 1916, because in that year they laid down the basis of their federal highways system.

It is that principle upon which I submit we should be starting now, instead of on this very limited policy of providing a limited measure of aid for one trans-Canada road. There are one or two general principles I should like to suggest to the minister, because I feel that obviously he is interested in the matter and will be most anxious to see this beginning extended, and the program of which he is to be in charge expanded under a general highways system.

I would suggest first that the provision of adequate transportation in Canada is a national problem. I am sure it is scarcely necessary to develop that point beyond stating that it has been recognized as such by the initial steps taken by the federal government to provide Canada with adequate railway facilities. In those days of course highway transportation was not the chief means of transportation. However, now that it has become as important to the maintenance of our economy as has our system of railways, I feel we should extend the horizons of our thinking and take the same responsibility federally for providing adequate highway transportation as we took so many years ago to provide adequate railway transportation.

It is always to be borne in mind of course that at the present time the statutory responsibility for the construction and maintenance of highways is provincial. Therefore the second principle which it seems to me it is important to bear in mind in this connection is the necessity of working out an integrated dominion-provincial road program throughout this country. That of course is one of the chief difficulties in the evolution of any federal highways system. I think all will agree that that difficulty has been approached along sound lines in the present bill in so far as the limited scope of that bill is concerned. In it the matter of picking a route for the trans-Canada highway is to be left to the provinces, the dominion agreeing to make its contribution on a stated basis toward the construction of that route when the provinces have decided upon it.

Although a satisfactory start has been made, I should like to point out that I do not think even in that respect the bill goes as far as it should go, because the federal contribution is limited to fifty per cent of

the cost of construction, and provides nothing at all for the cost of maintenance. Surely this is an unrealistic point of view. The government is prepared to invest $150 million for the construction of a first-class trans-Canada road. Is it reasonable that when that road has been completed the government should take no interest whatever in its maintenance, no interest in the protection of its investment? I do not think that is a reasonable or businesslike attitude. In my view this does not involve any lack of confidence in the willingness or anxiety of the provinces to maintain the roads themselves.

The simple fact is that we have here the achievement of a very important measure of co-operation, where provincial and federal authorities are together going to build a trans-Canada road. Surely then the same co-operation should be extended in maintaining that joint investment, preserving the investment of the two parties. I submit it is not fair to leave it to the provinces alone to bear the enormous cost of maintaining this joint investment.

This leads me to the next point I should like to discuss, which is the main weakness of the bill. That weakness all stems from the fact that the bill deals only with a specific feature of the general highways problem of the country, namely, the question of a trans-Canada road, and makes no attempt whatever to solve or even to begin to solve the general problem of providing an integrated highway system throughout the country. So that I would say the main failure of the bill is that it does not provide any basis upon which we can move forward in a systematic development of a highway system in this country.

Secondly, it fails to provide for the integration of the roads programs of the various provinces. For purposes of comparison may I here read the provisions of section 60 of the United States legislation providing for a national system of interstate highways. As has been pointed out, the first start made in the United States was a federal-aid system of highways, the basis of which has already been described. Then they gradually extended that concept of federal aid to include what is called the national system of interstate highways. Section 60 of their federal statute which deals with highways reads as follows:

> There shall be designated within the continental United States a national system of inter-state highways not exceeding forty thousand miles in total extent so located as to connect by routes, as direct as practicable, the principal metropolitan areas, cities and industrial centres, to serve the national defence, and to connect at suitable border points with routes of continental importance in the dominion of Canada and the republic of Mexico.

So that there are three features in this national system of highways: First it is to connect by as direct routes as practicable the chief metropolitan centres in the United States; secondly, it is designed to serve national defence; and, thirdly, it is to connect at suitable border points with routes in those countries bordering on the United States.

This conception of their highway system has led to that magnificent system of highways which we see and from which we benefit every time we drive in the United States; and it is that system of interstate highways which is responsible for the fact referred to by the hon. member for Assiniboia (Mr. Argue) that the federal contribution to the total cost of highway construction is greatly in excess of the fifty per cent contemplated in our legislation.

I feel quite certain that we shall not have made any effective beginning in solving our highways problem and in meeting the requirements of an adequate road transportation system for the future development of this country until we have made a beginning along the lines of the system which has produced such magnificent results in the United States.

The third weakness which I find in the present bill stems from the same basic fault. I refer to the limitation of time during which this fund will be available, and the limitation on the total amount which will be available. Various reasons put forward this morning by the minister seem to indicate a strong possibility that the $150 million will not be sufficient to complete a first-class trans-Canada road. As he pointed out, some of the provinces may take quite a substantial proportion of the money coming to them to reimburse themselves for amounts paid out on previous road construction. Consideration must be given to the increased cost of highway construction, particularly along the rocky areas of Ontario and through the mountains of British Columbia. There are some 400 miles that would have to be traversed through the Rockies, the Selkirk, the Monashee, the Cascade and the coast ranges by any interprovincial highway in British Columbia. The increasing costs of road construction might well exhaust this fund before the objective was reached.

It may therefore be found that the funds provided are not sufficient to complete an adequate trans-Canada route and also that the time limit of seven years will not be sufficient. The government may have to

come back for an extension of time or for an increase in the amount, and I hope they will not hesitate to do so if it is necessary. I assure the minister, or any other minister who may be administering this matter, that I will support such a request.

But why not avoid that likelihood? Why not lay the basis now by legislation providing for the development of an adequate system of national highways within Canada along the lines of the system in the United States? We should now lay the basis and then progressively take the necessary steps for the completion of such a system. The first step might well be the construction of a trans-Canada highway, and then other steps could be taken within the framework of the general project as provided by the legislation.

That opportunity is offered to us today and should be taken when the matter is foremost in the minds of the people. The requirements of the country indicate the necessity for such a program. I regret that a beginning has not been made in the bill before the house, but since it is better to have something than nothing at all, I shall support the bill even though I feel it is inadequate.

Mr. W. Chester S. McLure (Queens): Mr. Speaker, the debate has progressed favourably up to this point. Speakers representing almost every province have taken part and as a representative of Queens in Prince Edward Island I feel it my duty to make a few remarks on the bill before us. It must be most gratifying to the minister who is sponsoring this bill to find that very few, if any, hon. members are opposed to its principle; in fact, they would seem to be in accord with every particular. No doubt that is why the minister wears that $150 million smile.

I had thought that some hon. members would have had some little complaints to register, and it appears to be up to me to register one small complaint. This is more of a personal nature rather than against the trans-Canada highway bill. When a minister and his staff visit a constituency on behalf of the federal government to deal with local or provincial officials, I submit that the representative of that particular constituency should be called in to some of the conferences at least. I want to suggest that when any minister comes to our province in the future the elected representative should be called in to some of the conferences even though he may not take part in some of the fine political manoeuvring. That would be a good thing for all parties.

I am not saying that without reason because I, along with my colleague, the other hon. member for Queens (Mr. Douglas), represent Liberals, Progressive Conservatives and the C.C.F. party. For future reference I should like to place on the record a letter which I have received and which shows that I represent those interests. This is dated October 25, 1949, is addressed to myself, and reads:

Dear Mr. McLure:

Please let me first—and then on behalf of those associated with me on the staff of the *Liberal Advocate*, convey heartiest congratulations on your personal triumph at the polls on June 27.

Liberalism has won a great victory over the forces of reaction and socialism, so as an elected member of the twenty-first parliament, we look to you to see that the interests of the common man are maintained in a true liberal way.

You have our very best wishes, and we assure you of our services at all times to bring to your constituents your viewpoint, and any other items which might be of interest in support of the Liberal cause.

Kindest personal regards,

Yours very sincerely,

G. H. Holton

That gentleman is the managing editor of the *Liberal Advocate*, established in 1936 and which is published in the interests of the Liberal party. The address is 28-30 Wellington Street West, Toronto 2. There is a postscript to that letter, and like the postscript to a woman's letter it seems to be the most important part. It reads:

We are anxious to have this publication go into as many homes as possible. So if you would appoint one or more representatives in your riding, we are prepared to offer a generous contract.

Having read that letter, I should like to move the adjournment of the debate.

Motion agreed to and debate adjourned.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

SUPPLY

AGRICULTURAL SURPLUSES—GOVERNMENT POLICY WITH RESPECT TO MARKETING

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

Mr. H. R. Argue (Assiniboia): I have a matter of some urgency that I should like to raise at this time. In his reply to me this morning with respect to FAO policy, the Minister of Agriculture (Mr. Gardiner) was not prepared to make a statement on the marketing situation with respect to agricultural products. In view of the minister's attendance at the FAO conference, which will continue this week, I feel that it would certainly be in

order to have a discussion in this house in relation to the policy of the government with respect to the marketing of farm products.

I believe there is a serious and growing surplus of many agricultural commodities in this country. I believe further that we should have a discussion in this house, during which the Minister of Agriculture and the Minister of Trade and Commerce (Mr. Howe) should make clear to us the policy of the government in relation to future markets for our agricultural commodities.

Mr. Stewart (Yorkton): On a point of order, Mr. Speaker, I do not think the hon. member can bring this matter forward at this time. In any case the Minister of Agriculture is not in his seat, so I do not see what the discussion will get the hon. member.

Mr. Speaker: Of course it is not necessary that the Minister of Agriculture should be in his seat. If the matter the hon. member wishes to discuss relates to any item in the estimates it would not be in order, but if it does not relate to an item it appears to me that he would be in order.

Mr. Fournier (Hull): At the beginning of the session the estimates of the Minister of Agriculture were before the house. Items 23 to 29 dealt with marketing services, and those items were debated for almost an entire day. So I believe the subject is closed, since those items were carried by the committee. I think the hon. gentleman is not in order now in discussing this subject, which has been debated by the house already.

Mr. Wright: The items dealing with marketing services have been adopted; but since their adoption the Minister of Agriculture has attended a very importance conference in Washington having to do with the disposition of surplus agricultural products. So I believe the hon. member for Assiniboia (Mr. Argue) is in order in raising this grievance on going into supply this evening. It is the privilege of any hon. member to bring up any grievance he may have on the motion to go into supply.

Mr. St. Laurent: Perhaps it may not be necessary to have a ruling as to whether or not the discussion is in order. On Friday I announced, and it seemed to be unanimously accepted by the house, that this evening we would move to go into committee of supply and would call item No. 92, dealing with the wartime prices and trade board, so that there could be a discussion of the matter of rent controls. All hon. members seemed to agree that this should be done; and I would ask the hon. gentleman if he would not permit that arrangement to be carried out at this time, reserving the discussion—if there can be a discussion within the rules of the house—on the attendance of the Minister of Agriculture at the FAO conference until another time. Of course if the discussion is in order it would be strictly within the right of the hon. member to continue it now, but when the announcement was made on Friday evening it seemed to be the unanimous view of those hon. members who were in the house that this evening we might deal with the other matter. So I would hope that the hon. member would allow that arrangement to be carried out.

Mr. MacInnis: I do not think the government is in a very good position in suggesting that this was arranged last Friday evening. A few weeks ago the hon. member for Peel (Mr. Graydon) moved the adjournment of the house in order to discuss a certain matter of urgent public importance, and on Your Honour's ruling the motion was denied because there would be an opportunity to bring up the matter on going into supply that day. When the amendment to the supply motion was voted on the Minister of Trade and Commerce (Mr. Howe) spoke to another question, namely the combines investigation of the flour milling industry. There is an item in the estimates under which the combines investigation branch could be discussed. If the Minister of Trade and Commerce was in order at that time I am quite sure this is in order now.

Mr. Argue: If I may reply to the Prime Minister's suggestion, I know the house is anxious to debate the matter of rent control, but I certainly would not anticipate that the matter I propose to raise would be discussed all evening. I do point out that it is a time-honoured right of any member of parliament to rise on the motion to go into supply and voice any grievance he may have. My grievance has to do with the problem that is developing in connection with the marketing of agricultural surpluses.

Mr. Speaker: If the hon. member is not going on with his discussion at this time it will not be necessary to give a ruling; but in any event I am not ruling that the discussion would be in order. I refer hon. members to Beauchesne, third edition, citation 467, which states that the discussion shall not relate to any decision of the house during the current session or to any item in the estimates. It has been pointed out that the items dealing with marketing services were carried, but I would refer hon. members to the further supplementary estimates, where there are a number of items under that heading. Accordingly, if this discussion does relate to an item

in the estimates, I doubt if it would be in order at this time. It may not be necessary to give a ruling, however. Shall I put the motion?

Mr. Argue: I want to make my statement at this time, and unless you rule me out of order I shall proceed with it. I point out that there is no item in the estimates covering this whole question.

Mr. Speaker: It seems to me the items dealing with marketing services do cover the question the hon. member is raising at this time. The purpose of the rule is that discussions on the items in the estimates shall not take place in the house. I believe there will be full opportunity for the hon. member to discuss this item very shortly on the estimates, so I would rule that he is out of order in discussing it at this time.

Mr. Argue: Then I appeal your ruling, Mr. Speaker.

Mr. Speaker put the question as follows:

A point of order having arisen as to whether a discussion relating to the agricultural marketing service was in order on the motion of the Minister of Public Works (Mr. Fournier) to go into supply, I ruled that the discussion was out of order in that it related to an item in the further supplementary estimates. From this ruling the hon. member for Assiniboia (Mr. Argue) and others have appealed.

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Abbott
Anderson
Ashbourne
Balcer
Bater
Beaudoin
Belzile
Benidickson
Bertrand
Beyerstein
Black (Chateauguay-Huntingdon-Laprairie)
Black (Cumberland)
Blackmore
Blair
Blanchette
Blue
Boisvert
Boivin
Bonnier
Boucher
Bourget
Bradette
Brisson
Brooks
Browne (St. John's West)
Bruneau
Byrne
Cannon
Cardiff
Carroll
Casselman
Catherwood
Cauchon
Cavers
Chevrier
Corry
Coyle
Croll
Cruickshank
Darroch
Dechene
Denis
Dewar
Dickey
Diefenbaker
Douglas
Drew
Dube
Elderkin
Eudes
Eyre
Fair
Fauteux
Ferrie
Follwell
Fournier (Hull)
Fraser
Gardiner
Garson
Gauthier (Sudbury)
Gauthier (Lapointe)
George
Gibson (Hamilton West)
Gingras
Gosselin
Gour (Russell)
Gourd (Chapleau)
Gregg
Hansell
Harkness
Harrison
Healy
Hellyer
Helme
Hetland
Higgins
Huffman
Hunter
Isnor
Jeffery
Johnston
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Kirk (Digby-Yarmouth)
Lafontaine
Laing
Lapointe
Larson
Lefrancois
Leger
Little
Macdonnell (Greenwood)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCubbin
McCulloch
McGregor
McIlraith
McIvor
McLean (Huron-Perth)
McLure
Major
Maybank
Mayhew
Monette
Mott
Murphy
Murray (Cariboo)
Mutch
Pouliot
Proudfoot
Prudham
Quelch
Ratelle
Robertson
Rooney
Rowe
St. Laurent
Simmons
Sinclair
Smith (Calgary West)
Smith (Queens-Shelburne)
Smith (Moose Mountain)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Studer
Thomas
Tremblay
Tustin
Valois
Viau
Ward
Warren
Weaver
Weir
White (Hastings-Peterborough)
Whiteside
Whitman
Winkler
Wood
Wylie—148.

NAYS

Messrs:

Argue
Coldwell
Fulton
Gillis
Hatfield
Herridge
Jones
Knight
Knowles
MacInnis
Noseworthy
Stewart (Winnipeg North)
Wright—13.

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

PRIME MINISTER'S OFFICE

314. Salaries of staff and allowances, $115,065.

Item stands.

LEGISLATION

The Speaker of the Senate—

160. Allowance in lieu of residence, $3,000.

Item stands.

DEPARTMENT OF FINANCE

Demobilization and reconversion—wartime prices and trade board—

92. Administration, $2,986,825.

Mr. J. G. Diefenbaker (Lake Centre): First, Mr. Chairman, may I thank the Prime

Minister for affording the house this opportunity to discuss order in council P.C. 5840, which provides for the submission to the Supreme Court of Canada of a certain question in regard to the right of the federal authority to legislate by order in council or under regulations of the wartime prices and trade board under the emergency powers, to which reference has been made on a number of occasions. It was because there was such an agreement that we voted as we did a few moments ago. That arrangement having been made, apparently with the unanimous consent of the house, we endorsed it.

I should like to refer for a moment to this order in council. It is a long one, containing seven and a half pages. It consists in large part of a chronological statement setting forth the successive stages in emergency power legislation since 1945. In part it incorporates the speech made in the house on November 3, 1949, by the Minister of Finance, and it ends with the question that is submitted to the Supreme Court of Canada. That question is to be found on page 8, and reads as follows:

> Are the wartime leasehold regulations ultra vires either in whole or in part and if so in what particulars or to what extent?

To begin with I submit, sir, that that question does not meet the situation at all. The succeeding paragraph reads as follows:

> Therefore His Excellency the Governor General in Council, under and by virtue of the authority conferred by section 55 of the Supreme Court Act, is pleased to refer and doth hereby refer the following question to the Supreme Court of Canada for hearing and consideration.

I will not now go on to discuss what has been done nor the allowances that were given by the Minister of Finance to increase rentals on and after the 15th of December. At the moment I will consider exclusively what this order in council means, although I am fully aware of the feelings of many hundreds of thousands of the people of this country who today fear what will happen to them with the approach of the Christmas season. I do not propose for the present to deal with the hardships and the suffering that will ensue.

What I asked for the other day was an opportunity to discuss this order in council and the submission to the Supreme Court of Canada. I believe this is the first time since I have been in the house that an opportunity has been given by the government to discuss an order in council with a view to making suggestions relative to an amendment to it. I am not going into the authorities. They were all summed up recently in a case well known to the Minister of Justice—it was heard in his own province—and generally to all members of the bar. I refer to the case of the Canadian Wheat Board and the Manitoba Pool Elevators, as reported in 1949, 2, Dominion Law Reports, at page 537. Summarizing that case in the words of Mr. Justice Adamson, this is what he said:

> What then is the nature of the "danger," the "peril," or the "emergency" necessary to give jurisdiction to enact such legislation?

By "legislation" he means legislation by the dominion parliament, or under order in council, that results in invading property and civil rights. Then follow these significant words:

> And what evidence of it is there? An emergency may be public or private. A public emergency may be local or provincial. What is necessary to justify such legislation is a national economic emergency of such dimensions as to imperil the nation, and one which would be judicially recognized in the same way as a state of war is judicially recognized.

My first point is that this order in council will be the entire reference to the Supreme Court of Canada. From beginning to end it contains not one word setting forth the facts upon which the dominion government and its counsel will rely in regard to the extent of the emergency. Having regard to the authorities, that immediately opens the door to a serious danger, in the absence of evidence to establish an emergency, by the declaration that the legislation is in fact *ultra vires,* and the rental orders in council will end.

I ask the government this question through the Minister of Justice. Why was this order in council worded in such general terms? Why was it not supported by evidence setting forth the necessity of such legislation or a justification for it as emergency legislation? Certainly it was not a lack of space, because the speech of the Minister of Finance on November 3 is incorporated in it. Nowhere is there anything placed before the court that sets forth the vital facts that are fundamental, namely, that there is a continuing emergency, and furthermore that that emergency will be in existence on March 31, 1950. If it is not certain that this legislation is lawful now, would it be lawful after that date? Nowhere is there any suggestion of an emergency or a continuing emergency. It must be a matter of knowledge to all hon. members in every part of the house that across this country several hundred thousand Canadians regard this situation with trepidation and fear. That there is any agreement among hon. members that there is an emergency is rather denied by the fact that the Minister of Reconstruction and Supply, when speaking on March 28, 1949, as reported in the *Globe and Mail*

of March 29 and in the Montreal *Gazette* of the same day, to a delegation regarding the general question of housing and rental, said:

> Housing was primarily a matter for the provinces except in the case of a national emergency and while the government believes there was still a great need for houses the need would not constitute an emergency.

That statement was made some four or five months ago. The declaration by a minister of the crown, as it is worded at the present time, sir, and without supporting evidence, if one were of a suspicious turn of mind, which I am not, would lead one to think that it had been deliberately worded in that way and unsupported by anything to suggest an emergency.

The next question I should like to ask is, why the indirect wording? Why not a direct wording setting out that it is being supported by evidence to justify an emergency? There is something more. When it is submitted to the supreme court how long will it be delayed before the people as a whole will know whether or not this legislation is within the power of parliament to enact by order in council? A few weeks ago we were asked in parliament to rush along the legislation making the Supreme Court of Canada the final court of appeal. The Supreme Court of Canada will not be the final court of appeal in this matter for the following reasons. The submission has already been made. I again read the second to last and operative paragraph:

> Therefore His Excellency the Governor General in Council, under and by virtue of the authority conferred by section 55 of the Supreme Court Act—

And that is the section which provides for submissions—

> —is pleased to refer and doth hereby refer the following question to the Supreme Court of Canada for hearing and consideration.

We passed the Supreme Court Act. One of the sections provides for the supreme court being the final court, and that section—the new section 54—has been passed by the Senate. Why has not royal assent been given to that act? There would be no difficulty about that. All you have to do is to bring down the deputy to His Excellency the Governor General.

Section 7 says:

> Notwithstanding anything in section 3 of this act, an appeal from or in respect of a judgment pronounced in
>
> (a) a judicial proceeding that was commenced prior to the coming into force of this act, or
>
> (b) a reference made by the governor in council or by the lieutenant-governor in council of a province prior to the coming into force of this act, lies or may be brought as if that section had not been enacted.

In other words, this order in council dated November 16 provides for submission to the supreme court. The Supreme Court Act could have been assented to and brought into effect by proclamation. Then this would have been final—the first case of the Supreme Court of Canada.

That, we thought, was the idea. Indeed, one member of the press gallery in an article dated November 4, 1949—I refer to Mr. J. A. Hume—said in part:

> The government plans early proclamation of legislation abolishing appeals to the judicial committee of the privy council in London, as just approved by the House of Commons and Senate.
>
> Such action will mean that the proposed supreme court reference on the constitutionality of continuance by parliament of domestic rental controls beyond their expiry date on March 31 next would be submitted to the court here for its final judgment.

Why was not the Supreme Court Act assented to?

The result now is this, that no matter what the supreme court decides, and it will not be sitting I should think before the middle of January or early in February—because it will not be until December 1 when there will be a submission to the court for direction—the supreme court will meet and, we will suppose, hand down its answer. Perhaps it will say that it is within the legislative competence of parliament to extend rental controls. Well, then, any of the provinces can appeal, and you have uncertainty which will go on for a year or more—uncertainty, procrastination and postponement.

That, in my opinion, seems to be the reason that the order in council is drawn as it is. And one can imagine the uncertainty which will continue. Today fear stalks everywhere in our country, because of what was done on November 3. And now that fear is being accentuated by the uncertainty which will follow for a period of eight or ten months before the matter is finally decided in the privy council.

I ask the government this: Why were they so anxious and why did they act with such acceleration to have the Supreme Court Act amended in order to make it the final court, if the very first thing that comes up to be submitted to that court, one of the most important things to come before the court, is to be brought before it and then has to go on to the privy council in the event of appeal?

Surely it was not by inadvertence that that condition arose. I do not know of any member who was ever aware of the fact, until it came out by the veriest chance, that the

order in council had been passed on November 16. I know it was not tabled in parliament. And you will remember that when the Minister of Finance made his speech on November 3, he said this:

> The order in council making the reference is being prepared and when approved will be tabled in the house.

It was approved on November 16. I believe it was last Friday that I asked a question about this order in council, and whether it would be tabled. It was tabled the next day.

Sir, is there any reason why the uncertainty and confusion should be continued, with the delay and chaos which will result? We have made the Supreme Court of Canada the final court. The government was in a terrible rush to have that effected. Would it not be possible to give to the Supreme Court of Canada, of itself, the last say? Why carry a case such as this over to the Old Country, to the privy council.

When we on this side of the house suggested that on constitutional matters appeals to the privy council should be retained the answer was, "We must be supreme in this land. Let us have our autonomy. We are an independent nation". Yet the very first thing that comes up, one of the most important matters that could be submitted to any court, leaves open the door to appeal to the privy council, with the result that this uncertainty, this chaotic condition that today exists, when one does not know for certain whether the dominion or the provinces have jurisdiction, will be continued almost indefinitely.

I suggest that another order in council should take the place of this one. If the government wants finality in this matter there should be another order in council setting out in detail the nature and the particulars of the emergency upon which the court should determine whether in fact there is an emergency. For in the last statute passed by parliament carrying on the rental controls until March 31, 1950, there is no mention of emergency in that preamble, as I read it.

Let us have royal assent to this Supreme Court Act. Then submit it to the court, and have finality, instead of having hanging over the heads of hundreds of thousands of Canadians a fear today that I doubt has been equalled at any time in the homes of the people in this dominion.

I do not know what hon. members on the government side find, but wherever I go people say to me, "We do not mind paying some increase, but allowing for the increase provided for has brought fear to us".

That being so let us know now, once and for all, exactly what powers are arising out of the war and in consequence of emergencies arising from the war. And, in addition, I think there might be incorporated, in addition to redrafting the question to the supreme court, which is worded in such a way that it looks as if the cart is placed before the horse —"Are the wartime leasehold regulations *ultra vires* either in whole or in part, and if so in what particulars and to what extent"? —a rephrasing, stating, "Are they *ultra vires*, and if not in what particulars?"

The wording, I think, would almost indicate a suggestion that some of them were *ultra vires*. Further, I think the point raised by the premier of Saskatchewan in his letter of November 16 might also find its way into that order in council, namely:

> I would strongly urge your government to include in that reference a question that will settle this issue of power in yourself or the governor in council to confer legislative jurisdiction on a province by executive action designed to turn rent control over to that province.

What I have advanced in this connection has been done for one purpose, to have finality brought to this matter. Over the last two years some of the inferior courts have held that this type of legislation is beyond the powers of parliament or beyond the powers of the executive, of the governor in council under order in council. Let us bring finality to this matter which is of importance to what I imagine is the majority of people in this country. Let us not, as a result of the possibility of there being a further appeal to the privy council, leave hanging over them the uncertainty that will follow for another five, six or eight months.

Those are my suggestions. I thank the Prime Minister (Mr. St. Laurent) for the opportunity afforded to hon. members to place their views before the committee and to attempt to bring this matter into clear perspective. This is the first time that we have had a chance to discuss an order in council as is done in the British House of Commons. I think this represents additional evidence of the fact that we are returning to the democratic principles that prevailed before the war and which during the war were not followed at all times because of the necessity of concentrating power in the government during that period.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Chairman, may I join with the hon. member for Lake Centre in urging the government to review its order in council and make the reference to the supreme court, not only more specific but on somewhat broader lines. This is a matter of great importance to the Canadian people. Thousands of men and women across this country are anxious because of

the drastic increases in rent that are permissible under the policy announced by the Minister of Finance on November 3. In common with other hon. members I have had a number of communications from people from one end of this country to the other, some in the city of Ottawa and some as far away as Vancouver and Halifax. All these communications inform me, as I am sure other hon. members have been informed, of the difficult circumstances in which they will be placed when these drastic increases are permitted to come into effect.

On November 3 the Minister of Finance evidently expected that rentals on a higher scale would go into effect and would remain in effect for a considerable time. I should like to quote from page 1434 of *Hansard* of November 3, 1949, where the Minister of Finance is reported to have said:

> Nevertheless, it seems probable that rentals might well settle eventually at a level substantially above the present maximum levels provided in our regulations. Sooner or later the adjustment must be made, and as I have said, it is our policy to permit this adjustment to be made gradually rather than abruptly.

I do not know what is the minister's definition of "gradually", but if increases of from 18 to 22 per cent are gradual increases, then my interpretation of that word is somewhat different from that of the Minister of Finance.

With regard to the order in council, I rise mainly to suggest that the proposal made to the government in the letter of the premier of Saskatchewan should be given serious consideration and the reference which he suggests should be included in the reference to the supreme court. If we are making a reference we may as well have all doubts cleared up at the same time. I have made some inquiries and I find that not only the legal advisers of the government of Saskatchewan but other lawyers seem to believe that the doubt expressed is well founded.

The question whether we have power to confer legislative jurisdiction on one province or on any number less than all should be referred to the supreme court. I am not a lawyer and I do not profess to be able to disentangle all the legal matters in connection with a constitutional problem of this kind. I know the minister may say that there does not appear to be any doubt as to the ability of the government to do this; but if there is doubt the question should be placed before the supreme court so that it can be decided beyond any uncertainty.

No province undertaking rent control within the province should be subjected to the risk of its legislation being declared *ultra vires* because one or less than all the provinces have been granted the right to pass rent control legislation by order in council and not by specific legislative action of this parliament.

The present situation is that this parliament has passed legislation which removes rent control from the provinces, a position which the premier of Quebec has been challenging ever since it was done. Rent control was placed in the hands of the federal authorities and taken out of the hands of the provinces. At the present time the legislation is applicable to all the provinces.

Mr. Abbott: Except Newfoundland.

Mr. Coldwell: Except Newfoundland. I was thinking of the provinces as they existed when the legislation was passed. The legislation affected all the provinces that were provinces when it was adopted. Of course this parliament always has the right to amend its own legislation and by legislation to exclude any one province or any number of provinces from the regulations made under a statute which it has adopted.

But the question is this: Has the cabinet, the governor in council, the right to override a statute and exclude one province without having legislative authority from this parliament to make such exclusion, such distinction or such variation? I should like the minister when he replies to point out whether he considers that, under that part of our legislation giving authority for rent control, under legislation adopted by this parliament, the right to exclude one province is conferred upon the governor in council.

The point is that while the governor in council can make rental regulations inoperative in a single province, does that also give the right to the provinces to enter the field by provincial legislation when federal legislation exists claiming, rightly or wrongly, overall jurisdiction in this particular field? As I have said already, I have been advised by some legal men whose opinions I respect that there are some doubts with regard to the granting of authority by the governor in council without amending the legislation under which the governor in council proposes to act. It seems to me, then, that if there is any shadow of doubt in this connection the point should be referred to the supreme court for a ruling, or on the other hand that the federal government should ask this parliament to amend our legislation to meet the needs of one or more provinces which desire to exercise rent control provincially.

It may be possible by order in council to vacate the field of rent control on a nation-wide basis and thus by implication confer jurisdiction on all the provinces at once. That,

however, seems quite different from the present proposal to confer jurisdiction on one province while jurisdiction under the statute is retained by the federal government in respect to all the other provinces. In order to avoid confusion and perhaps new difficulties or hardships the point should be referred to the supreme court for an opinion. I take it no single province wants to be placed in the position, after having made arrangements to institute rent control, after having passed the necessary legislation in that regard, of running any risk whatsoever of having that legislation upset at any time in the future.

I want to say one other thing to the minister. He has stated that in order to give any province—and Saskatchewan already has requested it—time for its legislature to pass the necessary legislation, the action of the federal government in removing or varying rent control in that province will be deferred until and including March 31 next. I suggest to the minister that having given that assurance to one province and having invited other provinces to come under the same arrangement, if they wish to do so, he should give all the provinces an opportunity to call their legislatures, and should defer the effect of the announcement he made until at least, and including, March 31 next. If this were done the provincial legislatures, which are usually called after Christmas, could meet and consider the situation and advise their governments accordingly.

This is one of the most serious steps in decontrol to be undertaken by the government since the war ended, and I do not think there is a single member of this house who does not realize that many thousands of people are going to be gravely affected. As I said, I have received a very large number of letters; in fact I do not think I have ever received more letters on any subject than on this matter of rent control. I have before me one that I am going to read in part, just to give the house an indication of the way some people fear they are going to be affected by this decontrol measure. This letter is from the father of a large family, who wishes me to withhold his name. I am under no obligation to table the document and do not intend to do so, of course. But may I comment that I frequently get letters of this description pointing out the difficulties under which Canadian men and women are working, and quite often I get the same request: "Please do not mention my name, because if it were known that I had written to you on this matter I would lose my job." That is stated in this letter. When we talk of the four freedoms, when we talk of the democracy and freedom in this country, I say it is a blot upon our democracy and freedom that so many men and women fear, rightly or wrongly, that they will be penalized for expressing an opinion which they hold.

Mr. Sinclair: If the hon. member would permit one question in this very connection, if he feels that way why has the hon. member for Winnipeg North Centre a question on the order paper asking the Minister of Finance to give the names of all persons who have written him on this very subject?

Mr. Coldwell: The purpose of the question asked of the Minister of Finance by the hon. member for Winnipeg North Centre is to obtain the names of corporations, of governments and others—

Mr. Sinclair: And of persons.

Mr. Abbott: Individuals.

Mr. Coldwell: —who have written to the minister. But when we ask for the tabling of communications the minister always says he will table them when he has consent of the government concerned, if it is an intergovernmental communication.

Mr. Abbott: I can tell my hon. friend that no governments and no corporations have written to me on this subject.

Mr. Coldwell: Neither the hon. member for Winnipeg North Centre nor I, nor indeed any member of this house, I believe, would ask or expect the Minister of Finance or any other minister to table a letter he was specifically requested to keep confidential because of the danger to the individual concerned.

Mr. St. Laurent: Neither would he venture to read it in the house if he were not prepared to vouch for the person who wrote it.

Mr. Coldwell: Just a moment; I want to say this. Under the rules of this house an hon. member who reads a document here vouches for it. That is all that is required. I am vouching for this document, and that is all that is necessary. That is the proper procedure, for if that were not so a member of parliament might jeopardize many individuals in this country whose communications to him should be placed before this house in the language of the writers. I do not propose to be intimidated in my intention to read part of this document tonight.

Mr. St. Laurent: If the hon. member tells us he has a communication from someone whose name he will not disclose, and that he will not table the document, I object to its being read. It is not in order to come here and ask for the attention of the house

in order to express the opinion of someone who will not even be identified. If the hon. member wishes to make the opinions expressed in the letter his own, he may do so, because we know who he is and we know what importance should be attached to the opinion he expresses. We do not know what importance should be attached to the opinion of an unknown person, who wishes to remain unknown.

Mr. Coldwell: I have always tried to abide by the rules of the house, and I intend to abide by the rules of the house in spite of the lecture I have received from the Prime Minister.

Mr. St. Laurent: I am not lecturing the member, I am raising a point of order.

Mr. Coldwell: Those who have been here as long as the Prime Minister and I will know that I do not put spurious documents before the house.

Mr. St. Laurent: I know that.

Mr. Coldwell: I stand behind anything I say because I believe it. I am going to read citation 316 of Beauchesne, second edition:

It has been admitted that a document which has been cited ought to be laid upon the table of the house, if it can be done without injury to the public interest. The same rule, however, cannot be held to apply to private letters or memoranda. On the 18th May, 1865, the attorney general, on being asked by Mr. Ferrard if he would lay upon the table a written statement and a letter to which he had referred on a previous day, in assuming a question relative to the Leeds bankruptcy court, replied that he had made a statement to the house upon his own responsibility, and that the documents he had referred to being private, he could not lay them upon the table. Lord Robert Cecil contended that the papers, having been cited, should be produced; but the Speaker declared that this rule applied to public documents only.

That citation is taken from May, thirteenth edition, page 329.

Mr. St. Laurent: Will the hon. member look at citation 306. The citation to which the hon. member has referred deals with a request on the following day for the production of something that had been alluded to, evidently without objection, the previous day. The decision was that it did not have to be tabled. What I am objecting to is the reading in this house of something we are told will not be tabled, because a person does not wish his identity to be known. I rely upon citation 306.

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

Mr. Coldwell: Mr. Chairman, I have read that citation a good many times. I am going

[Mr. St. Laurent.]

to say to the Prime Minister that the document I have before me does none of those things that are forbidden. It does not comment upon or deny anything said by a member, or express any opinion reflecting upon the proceedings within the house. All it does is to put before the house the case of an individual who is being victimized by the drastic increase in rentals permitted by the announcement of the Minister of Finance on November 3.

Mr. Sinclair: I should like to return to the original point of order I raised. The member for Rosetown-Biggar has not said why he refuses to give the name of the person writing this letter while, at the same time, he supports the demand of his colleague that the Minister of Finance give the names of the people who have written to the minister, both for and against the increases in rentals.

Mr. Stewart (Yorkton): I should like to quote citation 265 in Beauchesne, third edition. It says:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

If one reads the next three succeeding citations, one finds it is out of order to read a letter that one is not prepared to vouch for during any debate. I do not know what objection the member for Rosetown-Biggar has to filing the letter upon which he is relying as authority. He has done that before in this house.

The Deputy Chairman: Order. I appreciate the help the hon. member for Yorkton has given, but I would point out to him that citation 265 in Beauchesne, third edition, is citation 306 in Beauchesne, second edition, which was quoted a moment ago by the Prime Minister. It seems to me that the member for Coast-Capilano has put a question to the member for Rosetown-Biggar instead of raising a point of order. He asked a question of the hon. member, so his point of order was not a point of order.

Mr. Sinclair: My question was not answered.

The Deputy Chairman: That is a matter for the hon. member for Rosetown-Biggar to decide.

Mr. Coldwell: What is your ruling on this question, Mr. Chairman?

The Deputy Chairman: I should like to quote citation 280 from Beauchesne, third edition.

The point of order, that a member should lay on the table a document which he quotes, should be taken when reference is made to the document.

So far the hon. member has made reference to a document, but has not said very much about it. Some hon. members seem to know more about the document than the chairman does. The member for Rosetown-Biggar has a document in his hand, but as yet he has not quoted anything from it.

According to what has been said and under citation 306 of the second edition of Beauchesne, I think that the point of order raised by the Prime Minister is well taken. If an hon. member quotes from a letter he should disclose its source. See Beauchesne, third edition, citation 270. Unless he desires to take the words and make them his own, he should, I think, disclose the source or table the letter. That is my ruling.

Mr. Coldwell: During the fourteen years I have been here, Mr. Chairman, members have quoted from letters. In my recollection, this is the first time this interpretation has been placed upon either the citations or the rules. I have known of no hon. member who has been made to table the document.

Some years ago, I remember, the hon. member for North Battleford quoted from a letter at great length. She laid it upon the table and the Speaker ruled that this was not a document for the house, so it was returned to her. I remember distinctly that she was told she need not have placed it on the table. I am not going to insist on this matter tonight.

Mr. Drew: Mr. Chairman, before you dispose of this question, there is one point I should like to raise, because I believe there is one angle to the question which may have been overlooked.

The Deputy Chairman: Is the hon. leader of the opposition referring to the point of order upon which I have ruled? My ruling is not debatable. The hon. member may appeal if he so desires.

Mr. Drew: It may not be debatable, but if you would permit me to point out something, it may avoid a ruling which may cause some embarrassment. The rule to which reference has been made refers to any opinion reflecting on proceedings in the house. I believe that is the part which governs. Obviously, this letter refers to action that was taken in regard to rent control, and that was a proceeding by order in council, not a proceeding in the house. Consequently, I submit it is not governed by this rule.

Mr. Coldwell: I am not going to prolong this discussion on the point of order. I wish to say that there was absolutely no reflection on any procedure in this house in the document I was going to read. All I intended to do was to place before the house an example of the hardship that is caused the father of a large family, and the manner in which the food for that family would have to be reduced. The man, a veteran of two world wars, a man who has served his country well, today has not the opportunity either of feeding and clothing his family properly or of housing them as they should be housed; and that is a condition which is widespread across the country at this present time. All I am going to say now is that I hope that one day this matter will come up when the Speaker is in the chair; at that time I can assure you that such a ruling will be further discussed.

I want to close my remarks now by making the plea that I made with regard to the expansion of the reference to the Supreme Court of Canada, in order that there may be no doubt. Since the Minister of Finance has extended to April 1 the time for a province which will assume rent control as of its own power and of itself, I make the plea that that be done in order to give all the provinces of Canada and all the legislatures an opportunity of discussing this question. I want to say to hon. members that with the increase in the cost of living and the possible drastic increases in rentals, many a humble family in this country will not spend a very merry Christmas.

Mr. George A. Drew (Leader of the Opposition): While this discussion was opened up on going into supply, Mr. Chairman, I think it must be remembered that the only matter now before us to discuss, and which can apparently be acted upon, is the reference by the government of an issue to the Supreme Court of Canada. But from the remarks that have already been made it would appear that the Prime Minister opened up this subject with the idea of affording an opportunity to discuss the issues to which this order in council relates.

The hon. member for Lake Centre has pointed out the obvious limitations in the wording of the terms of reference. In the copy of the order in council which I have before me, and which runs to eight pages, the actual terms of reference are found only at the last part of page 7 and the beginning of page 8, everything before that being a recital. The real issue that is referred to the Supreme Court of Canada is contained in less than four lines in the question: Are the

wartime leasehold regulations *ultra vires* either in whole or in part and, if so, in what particulars or to what extent?

Since we did not have an opportunity to discuss the recent changes at the time they were announced in the House of Commons, I think that on this occasion, in seeking to impress upon the government the necessity for a different type of reference, we should also point out exactly what has occurred and why the reference should be in different and wider terms. It will be recalled, particularly by those hon. members who sat in the house in the last parliament, that this subject was under discussion in March last; and on March 22, the act which has been described as the omnibus act was before the house.

It should be recalled by all the hon. members who are considering this subject at the present time that we are not discussing a rent control bill and that we are not discussing any specific piece of legislation dealing specially with rents. We are dealing with one of the continuing powers carried forward from the war under the Transitional Measures Act which was discussed by parliament last March. That bill carried forward emergency powers over rents, prices, steel, lumber, wood supplies generally and over a number of other things. That act had the effect of continuing for another year the sweeping emergency powers under which the government, by order in council, could deal with these subjects that were mentioned in that Transitional Measures Act. At that time, with other members of the house, I pointed out the difficulties that would arise unless there were introduced a bill dealing in clear and explicit terms with the problem of rent control. I would quote only briefly, to indicate the nature of the discussion which took place, from page 1767 of *Hansard* of March 22 last. This is from what I said at that time:

> In many ways this rent control measure by government dictate is adding to the difficulties and preventing the building of satisfactory rental housing. We have urged over and over again that a rent control bill be introduced which will give tenants defined and assured legal rights and at the same time encourage the building of housing and apartments for rental purposes.

That is the parliamentary way to deal with this subject. That, Mr. Chairman, was the view that we expressed at that time. We asked that a bill, which could become the law of this parliament, be introduced, clearly defining the rights of tenants and the rights of landlords, letting each know exactly where he stood under enforceable laws. It will be recalled by the Minister of Justice (Mr. Garson) that, along with other members of the House of Commons, I pointed out at that time that we were being asked to continue these sweeping emergency powers without any attempt being made by the government to define what the emergency actually was.

Then there is another point which the members who were sitting in the house at that time will recall. A judgment referring to one of these emergency measures had just been given by the appellate court of Manitoba. At that time the Minister of Justice went to some pains to point out that this high court of parliament is in a position to declare whether there is or is not an emergency of the nature that would support action of this kind; and that very point was, in fact, discussed in the judgment given by the appellate court of Manitoba and to which I have referred. I mention that for this reason. It should be recalled that last March, when this general omnibus bill was before the house embracing not only rent control but all these other emergency measures, we pointed out that if the house were prepared to pass legislation then tenants and landlords should sit down with a law which clearly stated their rights, and they would know where they were for a definite period; but that the continuing of this list of indefinite emergency powers would only create the very type of confusion that has arisen.

In spite of the arguments we put forward at that time this parliament was asked by the government to declare that there was an emergency, because it was necessary to declare that in effect if this sweeping bill was to be passed, and that decision was made.

It seems a strange thing at this time, Mr. Chairman, to come forward and say: We are going to ask the Supreme Court of Canada if there is or is not an emergency of the nature that would support the rental measures, but we are not going to say anything at all about the rest of the emergency measures that are carried forward in the same legislation. If there is an emergency that supports the continuance of these measures, then that same emergency must support the continuance of the other measures, and the same is true in reverse.

It seems to me that if a question is going to be asked of the Supreme Court of Canada it should be as to whether the bill that became law last spring to continue these emergency powers was in fact *intra vires* of the parliament of Canada. The question that is asked in this instance might not relate to the effectiveness of the legislation at all, but simply to the question whether the particular regulations passed by the government were or were not *ultra vires* of this parliament, and we might be left in the very confusing position of having a decision by the Supreme Court of Canada on something that

still would not tell us whether the government has the power to deal with this particular subject under the amendments to the Transitional Measures Act which became law last spring.

We must remember as well what took place between the time of the passing of the law and the time that these new regulations came into effect. I grant that certain statements are made from time to time in public speeches that may not be made with the same consideration that would be given to statements in the house; but nevertheless they are undertakings so explicit that they cannot be misunderstood. The present Minister of Finance said in Montreal on June 23, and I quote now the parts that are in quotation marks in the report carried by the Canadian press of that day: "In the future as in the past the Liberal government will see that the rights of both tenants and home owners are protected." Other speeches of the same kind were made, and undoubtedly the assumption was that the rights, as established last spring, were to continue in that way. It will be recalled that on November 3, at a quarter to eleven, the Minister of Finance asked the house for unanimous consent to make a statement, without giving any indication of the nature of the announcement he was going to make, and I gathered from—

Mr. Abbott: I said it had to do with rent control.

Mr. Drew: At the time, yes, but nothing was said as to what the details were or as to whether it was to be an abandonment of rent control.

Mr. Abbott: If the leader of the opposition is making a point of it, unanimous consent could have been refused.

Mr. Drew: Of course, as far as that is concerned, one will realize the difficulties that the members were under, and not only the members of the opposition, for one of his fellow members from Montreal only the night before had assured a public meeting that there would be no change in the rent control measures of this beneficent government. Therefore I think one might fairly assume that the announcement that was made on that Monday night was as much a surprise to the supporters of the government as it was to the members of the opposition, and it was of course a complete surprise to everyone that these sweeping changes were to be made. I am sure it must have been a surprise to the hon. member for the Mount Royal division who had felt so confident the night before that the changes were not going to be made.

Mr. Macnaughton: I should like to make a correction. I did not say that the rates would be the same. I simply indicated that I believed the government would probably continue rent controls, which is entirely different.

Mr. Fraser: Trying to mislead the public.

The Deputy Chairman: Order.

Mr. Drew: I am not suggesting that the hon. member for the Mount Royal division in any way attempted to mislead the public. He was answering certain questions at a public meeting in Montreal.

Mr. Macnaughton: At a private meeting.

Mr. Drew: It was not so private as not to be fully reported by the Montreal *Star* on the following day. I was not at that private meeting. I am merely reading from the report in the Montreal *Star*. If it was not a surprise to the hon. member for the Mount Royal division, then of course he can inform us; but I gather from the nature of the statement that was made at that meeting that the announcement of the minister on November 3 was a surprise to him as it was to us. But I would point out that the statement of the Minister of Finance did not come at that time with any opportunity to debate the wisdom or otherwise of those particular measures. I do suggest that the government by opening up this discussion tonight is apparently willing to reconsider the nature of the reference which should be made to the Supreme Court of Canada. I would also urge that the government reconsider the order in council which was announced in this house on the night of November 3.

It will be remembered, Mr. Chairman, that the announcement made that night has already been changed in many respects. There have been numerous clarifications. The word "clarification" is the official description of the changes which have taken place.

Mr. Abbott: In the first place there was no order in council, but I suppose that is a detail.

Mr. Drew: I stand corrected. It was even worse. It was an order of the wartime prices and trade board which was announced by the government.

Mr. Abbott: If my hon. friend wants to be correct, it was an amendment to the rental regulations, in the same way it has been made ever since the rental regulations were put into effect in 1941.

Mr. Drew: Yes, and the very way they were put into effect last spring when we pointed out the kind of confusion that would result from the continuance of that practice. I am pleased to have been reminded that this is not an order in council, that it is simply a decision by officials appointed by the government—

Mr. Abbott: A decision of the government implemented by an amendment to the regulation.

Mr. Drew: An implementation of an amendment to the regulations but announced by the minister in this house.

Mr. Abbott: And announced in the house before the regulations were amended.

Mr. Drew: Yes—at least the execution was not carried out before it was announced. There was at least that measure of correctness in the procedure.

Now, so far as those regulations are concerned, no matter what involved procedure may be taken, the government will not question its responsibility for them. The minister announced them in the house; and in doing so he took the responsibility of informing the people of Canada what would occur.

No sooner had those regulations been announced than there was objection right across Canada. And no sooner was that objection made manifest than these clarifications began to appear. And they have greatly changed the effect of the regulations. Many of the landlords who thought they were going to do certain things were disappointed when they found that these advances related back to a figure some years ago; and many of the tenants were only slightly more satisfied when they found what the net result of the arithmetic really was.

What actually did occur however was that these very substantial increases were permitted at a time in the year when it would be most difficult to make any adjustments, where any tenant wanted to find other accommodation. It came at a time of the year when this would be most difficult. Perhaps it was too much to expect that this could have been announced last spring when the transitional measures bill became law. That would have been the proper time to have made the announcement, a time when people are changing their tenancies; and the new tenancies could have been related to these very substantial changes.

It is still some time before these new regulations come into effect. Either the government is in doubt about its powers, or it is not. It did not indicate any doubt last spring. In fact it suggested that those who raised any doubt were raising specious objections to this measure that was before the house. If the government is in any doubt about its powers, then it should not make these changes at this time, or permit them to be made. If the government want to deal with this in an effective way, and do in fact want to find out what the position of the provincial governments will be in regard to it, then let them invite the provincial governments to come together and discuss with them this whole situation. But let them defer any action until after that is done.

Now do not let me hear the ridiculous suggestion that the dominion government proposed that the provinces take this over. A letter was written to the provinces last spring—

Mr. Abbott: A year ago last October.

Mr. Drew: —indicating that the dominion government was willing to pass this over, at a time when they were continuing to exercise emergency powers over other matters, in a way that made it impossible for the provincial governments to exercise effective control over rentals.

Mr. Abbott: I am sure my hon. friend wishes to be correct. The letter was written to the provincial governments last October—four months before the government asked for the extension of the powers.

Mr. Drew: That is quite consistent with what I said. I said that the letter was in effect—

Mr. Abbott: You said "at a time".

Mr. Drew: And the law was in effect at the time.

Mr. Abbott: I understood my hon. friend to say that the letter was written at the time we were asking permission to extend the law. That was not correct. It was a year ago last October.

Mr. Drew: It was before that.

Mr. Abbott: Five months before.

Mr. Drew: These are the war powers that were carried forward and in effect then, and the letter was written.

Mr. Abbott: I just wish to have the chronological order right, that is all.

Mr. Drew: As a matter of fact I can quite realize that the Minister of Finance must try to find some measure of satisfaction in saying something about this subject that is not related to the actual substance of the subject itself, because that is the one thing he does not want to discuss. And I am simply pointing out—

Mr. Abbott: I will discuss it all right.

Mr. Drew: I am simply pointing out that there was an offer made by letter in a very general way, and there was no consultation with the provinces by bringing them together to discuss their powers in the only way agreements could be reached at any time with provincial governments in matters of this kind, and the only way in which satisfactory results can be produced.

This has been done in a way that has created confusion for both tenants and landlords. And I can only repeat that, in regard to the regulations themselves, if the government is in genuine doubt about its powers, then let it postpone the operation of these changes which were announced to the house on November 3 until the matter can be fully considered, after this reference has been made.

If on the other hand the government has no doubts as to its powers, then let it go ahead and exercise its responsibilities, but open up this matter for discussion, and give an opportunity to deal with it before the decisions are made—not after.

Coming back to the question of the order in council which asks the Supreme Court of Canada to find out whether or not these regulations are *ultra vires* of the powers of this parliament, or of the board which passed the regulations, may I repeat that if there is any doubt as to the continuance of the emergency upon which the Transitional Measures Act is based, then the reference should be as to the Transitional Measures Act itself and not as to regulations passed by a board responsible to the government. Let us deal with the law, and not simply with the emanation from that law. Then we shall have a clear decision upon which the government can act, and which will give members of the House of Commons as well as tenants and landlords throughout the country some knowledge of what their position really is.

Hon. Douglas Abbott (Minister of Finance): Mr. Chairman, before my colleague the Minister of Justice says a word about the legal question involved concerning the order in council, perhaps I might be permitted to say a word in connection with policy in reply to some questions raised by the leader of the opposition, and the leader of the C.C.F.

First I should like to put the record straight as to the chronological order in which the government has attacked this question of decontrol of rentals. On October 23 of last year—that is, October 23, 1948—I wrote a letter in substantially the same terms to all the provincial premiers. I have not that letter at hand, because I did not think it would be necessary to quote it tonight; however, in the letters which I wrote to the premiers recently in connection with the new announcement I quoted from that earlier letter.

On October 23, 1948, as I say, I wrote to the provincial premiers pointing out that the dominion government had entered the field of rental control along with price control, wage control and other controls as a wartime measure, as part of an over-all control system; it being considered that it had no constitutional power to remain in the field indefinitely and was under obligation to proceed to the decontrol of rentals as well as of other controls as rapidly as circumstances would permit. To that end it indicated to the provincial governments that they should give consideration at that time to entering the field if in their judgment they felt it was desirable to do so. Here is what I said to the provincial premiers, and I quote from my letter to the premier of Quebec of October 23, 1948:

> At the same time the federal government is prepared to vacate the field at any time after March 31, 1949, to any province which may decide to undertake rent control. Normally rent control would come under provincial jurisdiction and is peculiarly suitable for provincial or local administration because of the immovable nature of real property. The federal government is anxious not to stand in the way of any province which believes that rent control can be better undertaken and administered locally.
>
> This announcement of policy is being made at this time so that any provincial government which wishes to do so will have sufficient time to prepare legislation for presentation to its legislature before March 31, 1949.

For reasons which no doubt seemed wise to them no provincial government came forward and suggested that it would introduce rental control legislation. The dominion government in February or March of this year, feeling that a condition still existed which justified it in going before parliament and asking for an extension of its power to continue to exercise rent control, discharged that responsibility and the bill to which my hon. friend referred was passed. In the letters which were tabled the other day, that offer was repeated. I should say that in the meantime the new province of Newfoundland had come into confederation. Newfoundland had had a rental control system in force before that time and it has continued to exercise its own control over rentals.

Then as to the matter of policy. As I said a moment ago, the federal government feels that it has no constitutional right to continue indefinitely in this field, that it has no right other than to continue to decontrol as rapidly as circumstances will permit. As hon. members know, more than four years after the end of the war we were out of all the major controls; we are out of price control, we are

out of wage control, and we are out of most of the other controls. In fact I think steel control is pretty well the only one left.

If anyone could give me a good reason why we should continue to exercise control over one relatively small group in the community, the owners of housing accommodation, I wish he would give it to me because no one has given it to me yet. Everyone has said that there is going to be hardship involved if the apparently large number of tenants have to pay higher rents, but that is no answer to me as to why four years after the war the central government in Ottawa should assert the right to continue to tell one small group in the community what they shall receive when they do not attempt to control anybody else.

No one on the other side has attempted to answer that. Hon. members on the other side have made a lot of demagogic appeals about the hardship that is going to be involved. They have read from letters from people who in some cases are going to find it hard to meet these increased rentals. But that is no way of solving the problem. It is not solved by the dominion government continuing to occupy a field in which its powers are definitely limited.

All I am saying on the grounds of policy is that the provincial governments of this country had an opportunity last fall to adopt rental control legislation if they wished to do so. Up to the present time only one province has indicated its intention to do so. As far as I am concerned, and as the Prime Minister suggested the other day, any province which wishes to do so may come forward and say that it intends to do so, and it will get the same treatment as the province of Saskatchewan.

I am not going to deal with the legal matters raised by the hon. member for Lake Centre, because my colleague the Minister of Justice will do that; but it seemed to me it might be appropriate at this stage for me to say a few words in addition to what I said a week or ten days ago as to the reasons which prompted the government in taking this action.

Mr. Drew: Mr. Chairman, there is just one point that I think should be brought forward before we have the explanation by the Minister of Justice. The Minister of Finance has pointed out correctly that letters were written to the provincial governments in October, 1948. At the time the transitional measures bill came before the house in March, 1949, it was known to the government and to members of this house that the provincial governments were not going to come in and therefore the transitional powers with the inclusion of rent control were continued by this government with the knowledge of that fact. That legislation continues in effect until March 31 next.

The views that have been expressed by the Minister of Finance could have been much more appropriately expressed at the time that bill was before the house. If those are his views, rental control might have been dealt with upon that basis at that time. But instead of that, rental control was continued by the provisions of a bill that will be law until March 31 next and therefore the remarks that have been made seem to be inapplicable to the situation.

The suggestion has been made that if the government is in doubt it should review the changed situation and withdraw its new regulations until it has an opportunity to examine into the matter. The fact is that these changes have been made at the very worst time of year that they possibly could have been made.

Mr. Noseworthy: I wonder if the minister would answer one further question following the statement he just made? In view of the fact that the government has been in this field up to the present time and has expressed great concern about that one section of the community which is being discriminated against in a way no other section of the community is, will the minister tell us why it is so essential that rents should be increased at this time and why the government cannot wait until March 31?

Mr. Abbott: That is a matter of opinion. I pointed out to my hon. friend that the earliest date at which any monthly rental can be increased is February 1 next, which is some ten months after the last extension of rental control and, if my memory serves me correctly, some sixteen months after the last authorized increase in rentals. The dominion government, being under obligation to proceed with a decontrol policy, felt that in announcing its intention it should indicate that it really meant to decontrol. That is what is being done in increasing the authorized rental ceilings.

I want to take exception to one remark made by my hon. friend, inadvertently I am sure. He said that the government is showing special consideration for one group in the community. That is not the case. The government endeavours to be as fair as it can to all groups in the community.

Mr. Noseworthy: I did not intend to imply that the government was showing favouritism; I was simply calling the minister's

attention to his own statement that he felt the government was discriminating against one particular group in the community.

Mr. Abbott: By continuing it indefinitely it would be.

Mr. Noseworthy: Does the minister not feel, in the light of the confusion that is likely to arise over the question of jurisdiction, that it would be in the best interests of our entire economy if this increase could be withheld until that matter is cleared up?

Mr. Abbott: I am going to let the Minister of Justice answer that legal question. If I might answer it directly I would say that I do not think there is any difficulty on the legal question as to the respective jurisdiction of the dominion and the provinces in the case which has been cited by the leader of the C.C.F.

Mr. Knowles: It seems to me the Minister of Finance threw out something in the nature of a challenge, and that challenge should not be allowed to go unanswered. Indeed that is the reason both my colleague the hon. member for York South and I have risen in our places at this time. The minister said that from this side of the house not one reason had been put forward as to why the government should remain in the rent control field. When we cite the condition of Canadian families—

Mr. Abbott: I should like to correct my hon. friend, if I may. What I meant to say, if I did not make it clear, was that no good reason had been advanced why there should not be an increase in the authorized rental ceilings.

Mr. Knowles: It is the same thing. As I was about to say, when my leader seeks to read a letter from a typical Canadian family, or when any of us lay before the minister some of the scores of cases which have been brought to our attention of the hardships Canadians are suffering today, I do not see what is wrong in asking that the Canadian parliament should do something to try to prevent those hardships. That should be our job. Since the minister threw out his challenge I have hastily glanced over the order paper, and the fact is that half or more of the items on the order paper now are designed to meet particular needs or particular problems either of certain groups of Canadians or of the Canadian people as a whole. That is what parliament is for, to try and help people lead the lives it is possible for them to lead in this country. When under present economic conditions you superimpose upon the burden so many people are having to carry the added fear of higher rentals, and the fear as to where this thing is going to end, people do write these heart-rending letters concerning the experiences they are undergoing. They do not know how they can carry on; they ask us for action. They think this is a democracy; they think the purpose of parliament and government is to meet the needs and wishes of the people.

On looking at the order paper I see legislation having to do with the Prairie Farm Assistance Act, the National Housing Act, the Emergency Gold Mining Assistance Act, amendments to the Veterans' Land Act, changes in the Income Tax Act, amendments to the Agricultural Prices Support Act and the Fisheries Prices Support Act. All these are matters of public policy, and all these measures and amendments are being brought forward because of certain problems facing this section or that of the Canadian people. Well, scores and in fact hundreds of thousands of Canadian people are facing a real problem right now in view of this announced increase in rents; and I say one case, let alone the hundreds of thousands that now exist, should constitute sufficient reason for this parliament to ask that these increases in domestic rentals should not be permitted at this time.

Mr. Smith (Moose Mountain): Does the minister not think that if we retained these rental controls for another ten years we would have the same hullabaloo then?

Mr. Abbott: My hon. friend's opinion is as good as mine on that point, but I would agree; I should think we would.

Mr. Noseworthy: You will if you do not build more houses.

Hon. Stuart S. Garson (Minister of Justice): I wonder if I might be permitted to deal with some of the points raised by speakers on the opposition side of the house. The leader of the opposition made the statement that either the government is in doubt about its power or it is not. I suggest that by no more complicated a device than reading the order in council which is the subject of this discussion he could have set at rest any doubts he might have had on that score.

As my colleague the Minister of Finance has indicated, government policy with respect to this rental matter is that of orderly decontrol; but inasmuch as our jurisdiction in this field, which ordinarily would be with the provinces, is based upon the continuation of an emergency arising out of war, it is quite obvious that with the lapse of time after the end of hostilities the factual basis for the exercise of federal jurisdiction becomes less and less. Therefore when we address ourselves to the question whether it is possible to complete a program of decontrol by March 31, 1950, we reach the opinion, stated in this

order in council, that we cannot complete that program by that time. Then in spite of the fact that we have no doubt ourselves as to our legal position, since we shall be taking a step which will extend these emergency measures for a year from March, 1950, it would seem that not out of an abundance of caution but out of a reasonable amount of caution we should submit this question to the court upon a reference. In case there should be any doubt as to our own view I would refer my hon. friend the leader of the opposition to page 5 of the order in council, of which I think he has a copy, where the speech of my colleague the Minister of Finance is quoted in these words:

> May I say at this point that the advice which the government receives from its law officers is that the existing federal regulations with respect to rent control are valid.

Then further down:

> As I have said, the law officers of the crown are of opinion that the rentals regulations are valid. They are also of opinion that both the law and the facts support the view that it lies within the authority of parliament to extend these regulations for a further period. Counsel will be instructed by the Attorney General of Canada to press this view before the court.

So there is no doubt as to the view of the government. We think we have the power and that these regulations are valid. It is only of a very proper caution that—some four years after the end of the war, as my colleague has pointed out—we think that before we extend these powers for a further period of one year we should have them passed upon by the court.

The leader of the opposition asked why, in the order in council establishing a reference, we should be bothering with the wartime leasehold regulations. He said this matter arose under the Continuation of Transitional Measures Act, and asked why we did not refer the act itself to the court. I must apologize to the legal members of the house, because these are elementary principles of law, but I suggest that the first thing the dominion parliament requires in order to exercise jurisdiction in a field that normally belongs to the provinces is some type of wartime emergency such as we have here, a set of facts upon which to base its jurisdiction. Once it has those it passes a law, which in this case, as my hon. friend correctly says, is the Continuation of Transitional Measures Act. Then, pursuant to that statute, the governor general in council passes certain regulations.

When we submit to the court the question whether these regulations are *ultra vires*, that submission embraces first of all the question whether the governor general, in passing the regulations, has acted within the ambit of the powers given by the statute, and secondly whether the statute itself is within the powers of parliament. So it is quite idle to draw the distinction my hon. friend the leader of the opposition has attempted to draw, between the regulations upon the one hand and the act upon the other in a reference such as this. The two of them are, for the purpose of a reference of this sort, inseparable.

Mr. Drew: May I ask the minister a question in that respect? Under the present terms of reference would it not be possible that, for some reason, the regulations might be *ultra vires* although that part of the act under which the regulations were passed might be *intra vires*? If the question is directed to the act itself, no such doubt could exist.

Mr. Garson: I believe my hon. friend is right in saying that it might be possible that the governor general in council, in invoking the powers given by the act, could exceed his authority. That would make the regulations invalid, although the statute itself might be quite valid. If the act itself be invalid, and my hon. friend seems to raise that question, then I should imagine that those who were attacking the orders in council would say that, although upon their face the orders in council were a proper exercise of powers which the statute purported to impart to the governor in council, yet the act itself was beyond the powers of parliament and was therefore invalid. Then they would say that, since the act was invalid, it was invalid for the governor in council to pass any orders in council under the purported powers granted by the act.

Mr. Macdonnell (Greenwood): If in fact, as a result of this reference, the court should come to the conclusion that there is no power in respect of the leaseholds, then will that not cast doubt on the other controls which were covered by the emergency powers act, such as the steel control?

Mr. Garson: Not if the court's findings are based upon the view that the governor in council, in passing the leasehold regulations, has exceeded the authority granted by the act.

The hon. member for Rosetown-Biggar said that there might be some insufficiency or difficulty in the act authorizing the governor in council to implement this arrangement which is under negotiation between the federal government and the Saskatchewan government. If that be so I should think that, inasmuch as this arrangement will come into effect some time later, it would be a simple matter, since we must apply within sixty days after the meeting of the

1950 session of parliament for an extension of this authority, to take the necessary statutory authority at that time.

From the government's standpoint, Mr. Chairman, and particularly from the standpoint of the Department of Justice, this discussion has been worth while. We have had the benefit of the views of such eminent lawyers as the hon. member for Lake Centre, and of some of the legally minded laymen of the house, in suggesting the various considerations that we might take under advisement in connection with this reference. I should like to congratulate my hon. friends upon the very useful statements they have made in this debate. We are greatly indebted to them for those suggestions, in spite of the fact that I have a sufficient feeling of confidence in the deputy minister and his advisers that I believe it probable they have considered each of these alternatives now suggested and have rejected them in favour of the course which is set out in P.C. 5840. The fact that they may have done so does not in any way lessen our gratitude for those suggestions that have been made.

In dealing with those suggestions, I hope my hon. friends opposite did not cherish the illusion that I was going to come here to debate these legal points with them, because I am in a much different position, as minister, than they are as members of the opposition. If they discuss, in terms of legal generalities, a number of abstract principles of constitutional law they are not discussing—at least I am charitable enough to assume they are not—a matter that is *sub judice*, which is contrary to the rules of this house. But if I considered their suggestions as alternatives to the course we have adopted in this order in council, I would be under the necessity of outlining the case that we are going to present to the Supreme Court of Canada. In that event I should certainly be offending the rules of this house which declare that it is improper for a member to discuss a matter which is under consideration by the courts.

Mr. Drew: I do not want to interrupt, but I had understood that the purpose of this debate was to make it possible to place suggestions before the government prior to the time this matter came before the court. If it is not before the court, it cannot be *sub judice*, so if that is the situation the Minister of Justice would be under no greater limitation than we would be.

Mr. Garson: I submit, Mr. Chairman, that when the order in council has been filed with the registrar of the Supreme Court of Canada, the attorneys general of the provinces have been served, and in due course an application will be made to the court for direction as to the filing of the record and the setting of a trial date, the matter is certainly *sub judice*. I believe my hon. friends have in no way offended that law. I do not believe there was a syllable in what the leader of the opposition said that would have a sufficient bearing upon the reference to make it objectionable from the standpoint of the rule I have just mentioned. If I discussed the virtues of the course which we propose to follow in presenting the case to the supreme court, as an alternative to the suggestions which have been put forward by members of the opposition, then I would most assuredly be discussing the pith and substance of a matter which is *sub judice*.

Regardless of the rules, Mr. Chairman—and I think I am clearly barred by the rules—I believe I would be derelict in my duty in doing that, because parliament was never intended as a forum for a preview of some case that is to be tried in the courts. This legislative body would be discharging a judicial function by prejudging the matter which is now before the courts. For that reason I regret that I cannot reciprocate the interesting suggestions that have been made by my hon. friends opposite. I can assure them in all sincerity however that there is not a single suggestion that they have made that will not be taken into careful account at once with the deputy minister and his advisers, as well as those who are going to act in presenting the case to the supreme court.

In closing my remarks, I wish to express our appreciation and thanks to those who have offered these suggestions, for I have no doubt that many of them will be exceedingly valuable to us.

Mr. Diefenbaker: Possibly we shall get back to something now, Mr. Chairman. I ask the minister—and this is not *sub judice*—why it is that the Supreme Court Act making the supreme court the final court has not been given the royal assent, so that in this case the final decision would be in that court. In that connection I ask the minister: Have the Supreme Court Act amendments received the royal assent? If not, and he says the matter is now *sub judice* and has been since November 16, is it not a fact therefore that under the amendments that he himself introduced some weeks ago this matter is appealable to the privy council?

Mr. Garson: On the set of facts that my hon. friend cites, the answer is yes; but the fact of the matter is that, so far as the federal government is concerned, there will be no appeal.

Mr. Diefenbaker: What is the reason that this act has been held off so long from having the royal assent? There was a great rush to get the Supreme Court Act amendments passed through the house. Why the delay?

Mr. St. Laurent: I think I should answer that question, Mr. Chairman. Diligence has been shown in getting that business completed just as diligence has been shown in getting all of the business before parliament completed, because it is not the intention to have this session go on for ever. The act in question was passed in the other place since a royal assent took place; and a request has not been made to His Excellency to ask his deputy to come down for the purpose of giving the royal assent to that bill, because it will not come into force upon the granting of the royal assent but only at such time as it is proclaimed. It has been the intention of the government, when proclaiming the act, to proceed at once to carry out the provisions of the act and to increase the number of judges from seven to nine. At this moment we are not prepared to make those nominations.

Progress reported.

TRANS-CANADA HIGHWAY

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCES

The house resumed consideration of the motion of Mr. Winters for the second reading of Bill No. 194, to encourage and to assist in the construction of a trans-Canada highway.

Mr. E. G. Hansell (Macleod): I will not keep the house long, Mr. Speaker, because there has been a considerable amount of debate on this bill in connection with the all-Canada highway. I think it has been fairly well covered. From this corner of the house in the Social Credit group the leader, the hon. member for Peace River (Mr. Low), spoke on the matter when it was in the resolution stage. The hon. member for Lethbridge (Mr. Blackmore), who has made a special study of this matter, has given two major speeches on it. The hon. member for Bow River (Mr. Johnston) has spoken on it. There is therefore not a great deal left for me to say, but I think I should put in my little ten cents' worth.

I know that it is not a particularly popular course to follow in this house for one to proceed now to make any recommendations as to the route the highway should take. Nevertheless, I am going to run the chance of becoming unpopular and suggest that, with regard to Alberta and British Columbia, the route should be through the southern portion of Alberta, through Lethbridge, through the Crowsnest pass and in that direction. The reason I am saying this is that I believe special factors enter into the picture. A road built along that route would make beautiful and convenient connections with the various highways in the United States. This would facilitate tourist traffic coming into Canada and going up to the beauty spots of the rockies. Another matter to be considered with respect to the route which the highway should follow is the population: How many people will the highway serve? While I have not all the exact statistics on this matter, I believe that the route going through the Crowsnest pass and the southern part of British Columbia would serve a larger population compared with other routes through Alberta and British Columbia.

Another matter is the length of the road in mileage. I believe that that route is perhaps one of the shortest ones. I agree, however, with the hon. member for Lethbridge and others who have spoken that we must think not merely in terms of one coast-to-coast highway but of a real system of federal highways in Canada so that no matter what route the main highway may take, all other routes will be served.

There is one matter that I should like to bring to the attention of the house, and it has been mentioned before. I cannot quite understand why the government are proposing a seven-year period for the construction of this highway. I am not an engineer and I am therefore not going to attempt to argue all the details of construction that may be necessary; but for the life of me I cannot see why it should take seven years to build that highway. I recognize that if one contractor or one construction company were to begin at Halifax and eventually end in Vancouver, it might take even seventy years. I do not believe that is the way the highway will be built. I believe that many construction companies will do the work according to the contracts awarded them for the building of this highway. I cannot see why it should take seven years. I just wonder whether the government may think that there is a depression lurking somewhere around the corner, and that in order to absorb the shock of unemployment they will propose a seven-year period and use the all-Canada highway for that purpose. That is the only answer that I can think of. If that is going to be so then I say the government is not tackling the highway problem at all. They are simply making future plans to assist in a possible situation which they think might develop.

In previous speeches that have been made I noticed that the minister has been congratulated a good deal for introducing this measure and deciding to build this coast to coast highway. I do not want to be unkind, but I am not going to congratulate the minister at all, because I do not believe that he is the one particularly responsible for initiating the move. I am going to suggest to you, Mr. Speaker, that some of us have been advocating an all-Canada highway for a good many years. I suppose hon. members stood up in this house before many of us ever came here and recommended an all-Canada highway. In the fourteen years that we have been here we have advocated it over and over again. I am particularly reminded of the fact that some months previous to the last election the leader of the Progressive Conservatives—perhaps he was a little premature—made the announcement—if it was not he then it came from the Progressive Conservative convention; I am not certain of the origin of it, but I know it came from Progressive Conservative quarters —that if they were elected they would pursue a policy that would give Canada an all-Canadian highway. He had not mentioned it very long before the government arose and stole his thunder. They announced that they were going to build this highway, placing emphasis upon the fact that they were in office and were in a better position to build a highway than some party that was not yet in office. They put the matter in the hands of the then minister of mines and resources, a greatly honoured gentleman who now sits in another place. Pressure began to be placed upon him for the highway to take a certain route which would cover his constituency. Perhaps considering that the highway might not go through his constituency they recognized that they were in a bit of a jam. What did they do? They moved the all-Canada highway from the jurisdiction of the Minister of Mines and Resources and put it into the hands of the Minister of Reconstruction and Supply, who did not live in northern Alberta, but lived away down here in the maritime provinces. Therefore that little political fence was hurdled.

Then came the election. The Liberals had stolen the thunder of the Progressive Conservatives. They were elected, and now they have to bring down a bill, and everyone in the house rises and congratulates the Minister of Reconstruction and Supply on his vision and his courage in introducing this bill. So much for that.

I want to know why it is going to take seven years to build this highway? The only thing I can suggest is that they expect a period of unemployment. They will get their picks and shovels out. They will bring in all the unemployed and say: "Here you are. Here are your picks and shovels. The engineers have gone out. Now we shall give you a job to do."

I might say that while the leader of the Progressive Conservatives did advocate this highway previous to the election, there is one point that we have lost sight of, namely, that the Conservative party, under the late Mr. Bennett, when he was prime minister of Canada, was one jump ahead of them all. He started an all-Canada highway, but—there is a "but" in there—he started it not because Canada needed an all-Canada highway. That was not the purpose of the highway. There was a depression and vast unemployment. The purpose of the highway was to put the unemployed people to work. So he gave them picks and shovels and put them out in the northern part of Ontario to dig their way through the bush, at, I am told, $5 a week. A portion of that highway was referred to this morning by the hon. member for Bow River (Mr. Johnston).

The hon. member for York South (Mr. Noseworthy) said that he had travelled all over it. He did not travel all over it because he did not know it was there. I will tell you why he did not know it was there. After about fifteen or twenty years the trees have grown up in the middle of the highway. There are trees in the middle of that highway with trunks almost as large as the circumference of my body, and that is getting larger and larger at about the same rate as the trees get larger and larger.

Mr. Bennett started to build that road and every time it came to a river it stopped. Of course the unemployed could not build bridges very well. It took expensive engineering skill to do that, so the highway stopped. If you wish to go over the highway you will need a puddle jumper to jump over the rivers and streams where the highway stopped. When you are going along in a train you can see the highway more or less close or farther away as the case may be with trees growing up in the middle of it. I am wondering whether the Minister of Reconstruction and Supply (Mr. Winters) is going to follow that same highway. Part of the work may be done, but I am afraid that he will have to rebuild it. If he follows it he will at least have to cut all the timber off it and he will have to build bridges and so forth. I shall leave that for him to do. The fact of the matter is that governments have monkeyed around with this all-Canada highway for many many years and still we have not one.

Now we are about to have one, and it is going to be seven years before the ultimate objective will be realized. For the life of

me, with modern road-building machinery such as we have in Canada, I do not see why it should take more than three or at the outside four years to build that highway. Let us get started at it and have the highway built as soon as possible.

A good deal of it is already built by the provinces. Whether the parts now built will meet the specifications the minister has in mind, I cannot say. I will say this, however, that there are portions built which I am sure are better than the specifications the minister has. We have some mighty fine roads in Alberta—and I might as well put in a plug for my native province. I will say, too, that some portions of roads I have seen in British Columbia will match any to be found on the North American continent—perhaps not in width, but certainly in the travelling conditions offered by those highways. While there are not many of them, some which have been built recently would be a matter of pride to any country.

I travelled a small portion built in the last couple of years just this side of Cranbrook in British Columbia, and I am going to say that if the minister wishes to travel on a beautiful piece of road he should try that piece. While it is only about fifteen miles in length, he will think he is travelling on a piece of glass. The engineering skill has been marvellous.

I believe that is all I have to say. When the minister builds this highway I wonder if he will tell us just why he considers it will take seven years. For the life of me I cannot see why it should.

Some hon. Members: Question.

Mr. Drew: Just one point before the question is put: I wonder if the hon. member who has just spoken would tell us the type of tree that grows a trunk as big as his body in fifteen years. If he would tell us, I am sure it would be most helpful to those who are interested in forest development.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I intend to make only a few brief observations on the bill, most of which are occasioned by what was said by a previous speaker.

I rise to support the principle of the bill, and to say that I listened with great interest to the statement of the minister when he introduced it. I believe it is safe to say that finally the government has reacted to some extent satisfactorily to public demand across Canada for the commencement of this work.

I have one or two criticisms of the bill, while supporting it in principle. My first criticism is that I am sorry the bill does not provide for a trans-Canada highway system. While that may not be possible immediately, I am of the opinion that in starting this most important legislation for the Canadian people we should have had in the bill a provision for a trans-Canada highway system. I find that is what organizations throughout British Columbia had been asking for. As I said before, while it may not be possible to do these things immediately, we should have made provision for them and have indicated to the people of Canada that the government intended over a period of years to develop a trans-Canada highway system.

I think the necessity for such a system is obvious when we listen to the discussion concerning the various routes suggested across Canada. It is only natural that a province will favour a district in which it is interested. We in British Columbia are particularly interested in three routes, namely the Crowsnest pass, the Big Bend or central route, and the Yellowhead pass route. No matter which one is built first, there can be no question that the three routes will have to be built eventually, if British Columbia is to be served satisfactorily so far as a trans-Canada highway system is concerned.

I heartily support the Crowsnest route and I believe that it is the most suitable and should be built first. I shall not discuss that question now in detail, because the hon. member for Lethbridge (Mr. Blackmore) spoke at some length in support of it, and there is no need to repeat his argument. I do think however that in dealing with this matter we should approach it not from the standpoint of this or that route, but rather as Canadians hoping to see at least one trans-Canada highway from the Atlantic to the Pacific.

Then, while we are seriously concerned with the percentage the federal government will pay, we must realize that finally, while the federal government pays a certain percentage and the provincial government a certain percentage, the whole of the expense comes out of the taxpayers' pockets. Therefore as our first objective we should have a trans-Canada system.

When approaching a matter of this kind I am inclined to set limited objectives, something reasonably possible within the reasonably near future. On that point I disagree with the bill, because I believe provision should have been made for a trans-Canada highway system, although only one route is to be proceeded with at the present time. When we have a trans-Canada highway system complete and serving all the areas of Canada satisfactorily, it will be time then for the federal and provincial governments to get together to arrange for the building of satisfactory farm roads.

I am pleased to see in the bill a provision for a fifty per cent payment to the provinces in respect of money already expended for the building of portions of highways which will become part of the trans-Canada highway route. I believe this will tend to equalize the great differences in the cost of building highways in the various portions of Canada.

I may have misunderstood the minister, but I would suggest that the fifty per cent returnable to any province on account of money formerly expended for the building of a portion of the trans-Canada highway should be earmarked for future highway construction in that province. I am of the opinion that in view of the large amount of money spent by the provinces which will be included in the trans-Canada highway when its final location is decided upon, and in view of the large amount of money to be repaid to the provinces on that basis alone, the $150 million will soon be found insufficient to complete the work. If we develop a trans-Canada highway system probably it would have been more sound to have made provision whereby the federal government would have paid seventy-five per cent and the provincial governments twenty-five per cent, as is done in respect of other legislation in which the federal and provincial governments are interested.

I was glad to hear the minister's statement with regard to standards and from what I was able to hear I think satisfactory standards have been established at this time. Naturally in the mountains those standards will be different than in the prairie provinces and other parts of Canada where road building is easier and traffic heavier. It must be remembered that when you come to construct a highway in mountainous country with its rock cliffs and things like that you multiply the cost of construction manyfold by every additional five feet in width. We must have different standards, not only with regard to width but with regard to grades and curvatures.

There is one thing I should like to draw to the attention of the minister, a thing which has been overlooked in the past by provincial governments when undertaking highway construction. You see examples all across the country where narrow bridges are used to connect two wider sections of highway. It is most necessary that all bridges be built to standard so that they will serve for many years to come.

I think one member stated that a one hundred foot allowance was too wide for certain portions of the maritime provinces. If we are going to have a satisfactory highway in the mountainous regions in many cases the allowance will have to be five hundred feet because of the angle of the slopes and so on.

One other hon. member referred to the necessity of connecting up the various cities in Canada, but I am not in agreement with that. If we are going to build a satisfactory trans-Canada highway that will provide a through route it must be built in the best location possible whether or not it by-passes any particular city, village or town. It will be quite easy for any city, town or village to construct connecting links.

These are all the observations I want to make at this time except to express again my regret that this bill, which is the commencement of something that will eventually develop into a very large project in a few years, does not provide for a trans-Canada highway system.

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

On section 1—*Short title.*

Mr. Winters: Mr. Chairman, in the remaining few minutes before eleven o'clock I should like to answer some of the points that were raised this afternoon. I should like to start with those raised by the hon. member for Vancouver-Quadra who as far as I can determine is the only hon. member who opposes this measure. He suggested that certain action should have been taken and it was his view that no bill should have been introduced until a route could be defined. He imposed certain other limitations with respect to maintenance, standards, length of time allowed for the building of the highway and the provision of back payments toward meeting costs already incurred. I can say without qualification that if we had tried to do what the hon. member suggests we should do there certainly would not have been a bill of any kind. If we had gone to the provinces and asked them to define a route, if we had made that a condition of the federal government before bringing a bill before this house, I leave it to the judgment of hon. members as to whether there would have been a bill. If he is in favour of a highway, as I gather he is, I feel that other approaches would be necessary on his part to achieve it. The hon. member for Cape Breton South also expressed doubt that a bill should have been introduced until a route had been defined.

Mr. Gillis: I want to put the minister straight on that. I said no such thing. I said that I was not prepared as an individual to even support the principle of this bill until I knew the views of the province of Nova

Scotia. As far as the route is concerned, I did not mention it. I merely said that I wanted that information before I was prepared to vote for this measure.

Mr. Winters: I recall what the hon. member for Cape Breton South said and I still feel that if we had tried to conform with his wishes with respect to this matter there would have been no bill.

Mr. Gillis: The minister is absolutely wrong.

Mr. Winters: At any rate I want to thank the hon. member for putting off the speech he had prepared to give on the resolution stage, permitting the bill to be introduced and making that speech today on the second reading. I thank the hon. member for Bow River for the most constructive speech that he made. He appeared to have a good grasp of the problem as I see it and his remarks were most helpful.

The hon. member for Vancouver South said that the hon. member for Vancouver-Quadra was not speaking for his constituency. Then at one stage the hon. member for Vancouver-Quadra said that he was not speaking for his party. After having spoken to the provincial authorities I am convinced that he was not speaking for the provincial government. I think hon. members will have a difficult time in deciding just whom he represents. I wish also to thank the hon. member for Cochrane for making a most statesmanlike speech.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will try to pass this Bill No. 194, to encourage and to assist in the construction of a trans-Canada highway. We will then continue in committee on Bill No. 142, to amend the National Housing Act, 1944. There are two resolutions which are Nos. 19 and 13 on today's order paper which we should like to pass along so that the bills may be distributed. If time permits we will take up Bills Nos. 64, 120, 185 and 148.

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

HOUSE OF COMMONS

Tuesday, November 29, 1949

The house met at eleven o'clock.

CITY OF BROCKVILLE

DISASTROUS FIRE IN BUSINESS SECTION—ASSISTANCE FROM UNITED STATES—CO-OPERATION OF OTHER AGENCIES

Mr. G. T. Fulford (Leeds): Mr. Speaker, I rise on a question of privilege, and if I take longer than usual in stating my question I would ask your indulgence, sir.

I should like to tell the house very briefly a story of co-operation and courage that keeps alive one's faith in human nature.

Last Saturday at midnight a fire broke out in Brockville which at one time threatened the entire business section of the town, but, through superhuman effort, was confined to one city block. In spite of the heroic efforts of the Brockville fire department it was soon found that to control the fire was beyond the power of one department; therefore urgent appeals were made to other centres, whose response was immediate.

The first to arrive were the fire fighters from the Royal Canadian Regiment with army equipment. Almost immediately firemen and fire trucks from Prescott, Athens and Smiths Falls were on the scene, and, as soon as they could be ferried across the St. Lawrence river, a pumper, aerial ladder truck, crew and special police force from Ogdensburg, New York, arrived. Seamen from the Canadian navy sloop *Oriol,* which happened to be in port, joined forces with the firemen, soldiers and citizens, so the fire was ultimately brought under control by complete municipal and military aid and international co-operation.

Fire fighting is always hazardous, but with the temperature at almost zero it becomes an almost unbearable ordeal. Throughout the night a group of young women kept the fire fighters supplied with hot coffee and sandwiches, while others were on hand to crack ice off the fire fighters' coats, helmets, gloves and boots.

Fortunately no lives were lost and no serious injuries suffered, but nearly one hundred persons were made homeless.

On Sunday morning appeals for assistance were made from all the pulpits of the Brockville churches, and at one o'clock Mayor W. Fred Reynolds spoke over radio station CFJM to ask for money, clothing and other necessities. By five o'clock on Sunday afternoon the receiving centre had been moved no less than three times in order to provide greater accommodation for the mass of goods that started to pour in, and by nine in the evening half the second floor of the city hall looked like a department store. In addition, the sum of $2,500 had been received in cash donations, and I am told the fund is now over $6,000. One farmer arrived with two dozen eggs, and emptied his purse, which contained $1.03. An elderly woman donated $1.85, and said that it was all she had at the moment, but that she would give more on Wednesday when her pay cheque arrived.

The generosity of the people of Brockville exceeds the bounds of any possible expectation; and what applies to Brockville extends to the entire district, which includes several communities in northern New York state. Truly the cardinal Christian principle, "love thy neighbour" knows no international boundary in North America.

A disaster such as Brockville has just experienced brings out, in no uncertain way, the best in all of us, regardless of race or creed, and serves to make us proud that we are Canadians and fortunate enough to live on the continent of North America.

I should like to thank the Prime Minister, the Acting Minister of National Defence, and the parliamentary assistant to the Minister of National Defence for the prompt and sympathetic attention given the request that certain huts at the Royal Canadian Regiment camp be made available to the municipal authorities at Brockville. I can assure you, Mr. Speaker, that these huts will serve a most useful and humane purpose in looking after the temporary housing needs of the hundred men, women and children who were made homeless as a result of the worst fire in the history of Brockville.

HONEY

NATIONAL HONEY WEEK—NEED FOR INCREASED CONSUMPTION

Mr. H. O. White (Middlesex East): I should like to inform the hon. members that this is national honey week. In their offices they will find samples of honey supplied by the Canadian beekeepers' council. Owing to the loss of export markets, producers are facing difficult marketing conditions. If each

Canadian would consume a half pound more honey per year, some of the marketing problems would be solved.

NATIONAL TRADE MARK

PRESS REPORT OF REMARKS OF MR. JONES IN DEBATE ON NOVEMBER 26

Mr. O. L. Jones (Yale): Mr. Speaker, in yesterday's Ottawa *Citizen* there is a report of a statement made by the general manager of the Ottawa board of trade which refers to my speech on the bill to establish a national trade mark. I am charged with being unfair to Ottawa merchants. The article states that I implied that there was a general practice among Ottawa merchants of misleading the public by using well-known containers to hold inferior products. Such a statement is incorrect.

I mentioned that stores on Elgin street used containers bearing the "O.K. brand" label to hold a local product of inferior quality. My contention is that a container bearing the name of a well-known brand should not be used for any other product. Even today those containers are still on display, filled with other than Okanagan produce. The article in question makes the statement that I said merchants filled containers with these products, and marked them as coming from the Okanagan valley. What I did say was that Okanagan valley containers were refilled with other, and in the case under review, inferior, quality produce. I shall be pleased to supply Mr. Cairns with the evidence if he so desires.

The other point with which I wish to deal is the charge that I was derelict in my duty in not bringing this matter to the attention of the house earlier in the session. May I point out that a perusal of *Hansard* will show that I dealt with this matter earlier in the session, but so far no action has been taken. I did not at any time, nor do I now, suggest that the practice is general among Ottawa merchants.

May I repeat that the principle involved in my speech is that containers marked with a well-known brand name should not be used again, once the original contents which fulfilled the specifications of that brand have been emptied out.

FOOD

TABLING OF SPEECH DELIVERED BY MR. GARDINER AT FAO CONFERENCE, NOVEMBER 24

Right Hon. J. G. Gardiner (Minister of Agriculture): Mr. Speaker, I wish to lay on the table a copy of a speech which I delivered before commission I, the fifth session of the FAO conference, at Washington, D.C., on November 24, 1949.

Mr. Tustin: I believe, Mr. Speaker, that the minister's speech, which has now been tabled, would be of great interest to the agricultural producers of this country, and I suggest to him that he request that it be printed as an appendix to *Hansard.*

Some hon. Members: Hear, hear.

Mr. Gardiner: I made the suggestion yesterday that I was satisfied to have that done, but no one seemed to take me up on it.

Some hon. Members: Agreed.

Mr. Speaker: Does the house now wish that the speech should be printed as an appendix to *Hansard*?

Mr. Coldwell: I did not quite hear the proposal, because someone was speaking to me at the moment. Is it that the minister's speech should be put on *Hansard*?

Mr. Speaker: Yes.

Mr. Coldwell: May I say that while members of the house might find it valuable to have the speech thus recorded, I do not like to see an expansion of *Hansard* to include speeches made outside the house. If that is done, we shall soon be in the position of the United States *Congressional Record,* which is full of that kind of thing.

Mr. Gardiner: I agree with that statement; and I will go a little bit further and say that I do not think it is proper to insist that speeches made by ministers outside the house be tabled in the house. But I am quite satisfied to have this one tabled.

An hon. Member: It is for your own defence.

COMBINES INVESTIGATION ACT

TABLING OF ANSWERS TO QUESTIONS ASKED BY MR. DIEFENBAKER ON NOVEMBER 25

Hon. Stuart S. Garson (Minister of Justice): I wish to lay on the table the answers to certain questions asked by the hon. member for Lake Centre (Mr. Diefenbaker) in the debate on the Combines Investigation Act on November 25 last.

TRANS-CANADA HIGHWAY

PROVISION FOR FEDERAL CONTRIBUTIONS TO PROVINCES

The house resumed, from Monday, November 28, consideration in committee of Bill No. 194, to encourage and to assist in the construction of a trans-Canada highway—Mr. Winters—Mr. Dion in the chair.

On section 1—*Short title.*

Mr. Green: Apparently there has been an agreement with some of the provinces as to the route of the trans-Canada highway. Will the minister tell us what routes have been agreed on?

Mr. Winters: There has been no agreement on routes, and I am not in a position to say what routes have been defined by the provinces.

Mr. Green: Can the minister not tell us that with respect to any of the provinces?

Mr. Winters: There have been routes under discussion, but there have been no agreements with respect to routes.

Section agreed to.

Section 2 agreed to.

On section 3—*Agreements with provinces.*

Mr. McLure: Can separate agreements be made with each province and separate amounts paid, or will each province get the same amount or percentage of what the road costs? It would appear from this section that a separate agreement could be made with each province and separate amounts paid to each province.

Mr. Winters: There will be separate agreements with each province, but the same formula will be used throughout.

Mr. Argue: According to the minister's statement, in the reference to the standards for certain provinces a stone base was called for, of a strict minimum of nine inches. Can the minister say whether or not he intends to follow this standard closely? In Saskatchewan, for example, it is almost impossible to find stone to crush for such a stone base; and even now we are facing a problem in getting adequate supplies of gravel. On the prairies would a gravel base not be suitable, rather than a stone base?

Mr. Winters: As I said in my statement, we shall not insist on any specification that is not acceptable or practicable in any one province. The specifications I mentioned were simply suggestions in order to provide the basis of an agreement.

Mr. Fraser: Has the Department of National Defence made any recommendation as to the construction of the road so that it could be used for heavy military vehicles? It should be designed for that purpose, as well as for the handling of tourist traffic. In the case of war we would have to use it. That is why construction in the United States is uniform all the way through.

Mr. Winters: The provisions with respect to construction and other such matters have been made with the full knowledge of the Department of National Defence.

Mr. Hatfield: I understand that this act calls for a two-lane highway. Will the foundation be laid for a four-lane highway? Have culverts been built for a four-lane highway?

Mr. Winters: This proposal contemplates a two-lane highway.

Mr. Fraser: Has any consideration been given to police patrol of the highway, or allowing the provinces—

Some hon. Members: Oh, oh.

Mr. Fraser: It is a matter that has to do with maintenance. Has anything been done in this regard? With the radio patrol, if anything happened—

Some hon. Members: Oh, oh.

The Chairman: Order.

Mr. Fraser: Those who do not know anything about maintaining a highway would be wise to keep quiet. If there is an accident on the highways in Ontario, with the radio control from provincial police stations a car can be at the scene of the accident within a few minutes. Is something of the kind contemplated for this highway? It should be, because we shall have accidents on it, no matter what happens.

Mr. Winters: According to my understanding, the normal patrol arrangements on the provincial highways will prevail.

Mr. Fulton: May I ask the minister whether it is the intention that the provinces will first complete their construction and that under the provision for acceptance by the minister, if it is found to conform to the standards laid down, the contribution of the dominion will then be paid? Or is it intended that the payments will be made as the construction progresses?

Mr. Winters: There have been no agreements reached, but we would hope that new work would go forward first.

Mr. Knowles: May I ask whether the federal government fair wage provisions will apply to contracts in connection with the construction of the trans-Canada highway?

Mr. Mitchell: I think my hon. friend had better direct his question to the provincial governments.

Mr. Knowles: Mr. Chairman—

Mr. Mitchell: Just sit down.

Mr. Knowles: I was going to try to stop the minister from saying something worse.

Mr. Mitchell: That may be true, too. My hon. friend clearly understands that jurisdiction in this matter rests with the provincial governments.

Mr. Knowles: That is right.

Mr. Mitchell: And there are reasonable stipulations in regard to these matters. We have a federal fair wages policy which deals strictly with federal works. I think it would be far better if my hon. friend directed his question to the various provincial governments.

Mr. Knowles: Mr. Chairman, I am not surprised at the answer given by the Minister of Labour. As a matter of fact there is some sense to it; but I have a case upstairs on which I am working; it has to do with a worker in Manitoba who is working on a contract which was let by the federal government. When he tried to get the vacation with pay stamps provided by provincial legislation in Manitoba, the contractor for whom he was working said: "This is a federal government contract, and provincial legislation does not apply." The case is, one might say, *sub judice* —I am still writing about it to the various authorities. But the fact of the matter is that that sort of thing does happen time and again. People fall between these two jurisdictions. From the way in which this clause is worded we may run into the same thing. We may have contractors not living up to the provincial labour requirements, and using as an excuse the argument that they are working on something that comes from the federal government.

Mr. Mitchell: Oh, no.

Mr. Knowles: Hon. members on the other side say "Oh, no"; but that is the sort of thing that happens after these bills are passed. I do not blame the government for it, Mr. Chairman, but when we move an amendment the members of the government look at it with the most powerful microscope they can get, to see if they can discover some little flaw in it. But when we suggest there might be a flaw in the wording of their bills, they say, "Oh, no; it can't happen that way." I am telling the government that this sort of thing does happen. I should like to be sure that the work on this trans-Canada highway will be done under fair wage conditions, and that there will not be any passing the buck between federal and provincial authorities with respect to that phase of the matter.

Mr. MacInnis: I should like to put myself on record as supporting the point raised by the hon. member for Winnipeg North Centre. I do not think this matter should be dealt with with the hilarity and lightness that is displayed by hon. gentlemen on the other side of the house. It took us a long time to get a fair wage clause in government contracts. We should like the fair wage clause in government contracts to apply to all contracts. I do not know whether I am right or not, but my understanding is that the fair wage clause applies to all federal government contracts, or to any federal government assisted contract. If that is so, it should apply in this instance. If it does not apply to a contract in which the federal government assists, it should apply, because the federal government should not supply money that is to be used in construction or manufacturing where unfair working and wage conditions prevail. We should make it clear that when the federal government assists any project it does so on the understanding that fair wages and fair working conditions apply. These conditions are not particularly onerous, because they are the conditions that apply in the locality. They are not conditions arbitrarily imposed. There is a formula for working them out.

I suggest that hon. members on the opposite side, who appeal to workers for support at election time, take this matter seriously and see that these fair wage clauses are in the contracts.

Mr. Mitchell: Mr. Chairman, just to keep the record straight may I say this? The hon. member for Vancouver East said that it took a long time to establish the principle of fair wages and working conditions. Let me say to him that that took place before his time and mine. I think it was in the year 1900. The political party that laid down that principle was the Liberal party. My hon. friend knows that the wage structure across the nation is not the same in every province. In British Columbia they have a comparatively high wage structure, probably the highest in the dominion. I think people engaged in public works in that province would wish to see the prevailing conditions in Vancouver or in British Columbia generally adhered to. I feel certain that if we had a national approach to the problem we would object to the wage structures in some of the other provinces. My hon. friend can rest assured that the provincial people, who have jurisdiction in this matter will see to it that the legislation and regulations affecting fair wage conditions in effect in their respective provinces are adhered to.

Mr. Gillis: I cannot agree with the minister when he says the Liberal government was the first government to recognize the principle of fair wage contracts in agreements. That is true in theory, but it was not until the war contracts of 1939 and 1940 were let that the government gave effect to the fair wage conditions so far as federal government

contracts were concerned. As the hon. member for Vancouver East pointed out a moment ago, some of us in the house were fighting for these things thirty years ago. It is true that we recognized the principle, but it was never put into effect. Unless we are prepared to follow out the mechanics laid down by the government in federal contracts during the war, we shall slowly get back to where we were when the matter was just a theory. It was put in the contracts during the war.

We are not asking that any of the wage schedules in the provinces be upset. All we are asking is that when the federal government lets a contract, the contractor be obliged to conform to the wages and conditions established by the provinces. It must be remembered that conditions are not the same from section to section in a province. There is a differential. If a contractor is putting the highway through a certain section of the province, and the provincial government has set out a fair wage schedule, the least the contractor should be obliged to do is to conform to the law applicable in that particular section.

The minister knows well that since the war there has been difficulty with federal contracts. I brought this matter to the attention of the Minister of Transport since the present session in regard to federal works projects in my own community, where there was no difficulty during the war, although a lot of construction work was carried on. The contractor got out from under, as the hon. member for Winnipeg North Centre suggested, by saying that the provincial laws had nothing to do with it; that it was a federal contract. The Minister of Transport in this case stated clearly that once that contract is let, it is the responsibility of the contractors to establish the wages and conditions they see fit. A clause should be written into the contract providing that the contractor, in matters of labour, employment and wages should conform to the standards set up in that particular part of the country. Nothing would be upset at all; it would be simply writing something into the contract to avoid difficulties in the future.

I know that in the letting of federal contracts early in the war there was a complete upset right across the country. In my own section of Canada one of my main jobs was running from one works project to another in an effort to iron out difficulties with truck drivers and labourers as between federal contracts and provincial laws, and all that kind of thing. We do not want to get back to that. We are merely asking that the practical machinery established during the war—because once it was established it worked well—be used. These contracts are not yet let. It is not necessary to have a special provision in the bill. But if the Minister of Reconstruction and Supply and the Minister of Labour could get together and have a little talk I am sure there would be no trouble in writing into the contracts a clause in which it would be asked that contractors conform to provincial laws in this regard.

Mr. Fulton: We should have some understanding of the method of determining the amount of contribution. If the total amount is limited to $150 million for seven years, it means a little more than $20 million a year. There are ten provinces. With the federal contribution of fifty per cent, this allows for a yearly average of construction of roughly $40 million. Again on a straight numerical basis this is an average of about $4 million per year per province.

We know the difficulties of construction in some parts of Ontario, for instance, and British Columbia. It is possible that merely in carrying out their own highway program a province might wish to do more than $4 million worth of construction in any year. What is to be the position? Is there to be a limit placed on the construction that any one province may carry out in any one year? How is the apportionment among provinces to be made? Suppose one province, with this in mind, does a lot of construction early—let us say $20 million or $30 million in a year; then are not the other provinces in danger of having less of the share of the $150 million, if they do not get in at the start? Will that not be the position, unless they know there will be a basis of apportionment, and what that basis is to be? What has the minister in mind in that respect?

Mr. Winters: The money will be spent as the work is done. There will be no attempt to allot on an annual basis, or break it down by provinces in relation to the expenditures that we think should be incurred. Nor will there be any attempt to spread out the $150 million over seven years. The seven-year period provision was put in there largely at the request of certain provinces which felt that, having regard to their present heavy highways program, they could not take on the additional work of the trans-Canada highway and complete it in a shorter period of time. The federal government is prepared to go ahead as quickly as the provinces wish to do so, and the expenditures will be in direct relationship to the mileage of work completed.

Mr. Fulton: On that basis it would be advantageous, would it not, for any province

to get as much done as it could, and as quickly as it could, in order to secure as large a slice as possible of the $150 million.

Mr. Winters: That is a matter for the provinces to decide. We are open-minded in our approach to the problem. I should think, though, that there would be no need for any province to try to do its work at once in order to receive payment from the federal government under the terms of this act.

Mr. Gibson (Comox-Alberni): I can understand the minister's hesitancy about finding a route for the trans-Canada highway. It is a ticklish problem, no doubt. I should imagine, for instance, that in Prince Edward Island the trans-Canada highway would run the whole length of the island; is that correct?

Mr. Winters: As I have said, the route is a matter to be determined by the provinces.

Mr. Gibson (Comox-Alberni): One would expect, from the fact that they can determine the route, that it would run the length of the island.

Mr. Winters: Perhaps I should say, to clarify the point, that we felt it necessary to state a definition suggesting the shortest practical east-west route consistent with the needs of the provinces and Canada as a whole.

Mr. Gibson (Comox-Alberni): I understand that. Of course when the minister mentions Victoria as the western terminus, I am sure he appreciates the fact that Victoria is the most easterly point of Vancouver island. I do not think I have to refer to the hon. member for Nanaimo to substantiate that fact. A substantial portion of the island lies to the west of Victoria. If the government of British Columbia defines a more westerly part of the island as the end of the trans-Canada highway, will the federal government be prepared to accept that?

Mr. Winters: I should think the hon. member would find the definition fairly comprehensive.

Mr. Gibson (Comox-Alberni): It would be wide enough, would it?

Mr. Drew: The question raised by the hon. member for Comox-Alberni indicates some of the problems which are bound to arise. I can understand his visualizing the possibility that the Malahat drive would be part of the trans-Canada highway—and certainly no one would appreciate more than I would the opportunity to go over that drive. It does, however, indicate the scope of the problem, because in each of the provinces questions arise as to the direction of the routes, north-south as well as east-west. In voting for this bill I wish to have it clearly understood that I regard it as nothing more than a statutory declaration of intention. That is all it is. I hope no one will leave this chamber in the belief that simply by passing this bill, we have solved the problem of building a trans-Canada highway. The fact that this decision is put in statutory form expresses the wish of members of the house that the government proceed to confer with the provinces in order to determine how it is to be done. Unless that is kept clearly in mind, serious difficulties will arise, and they were emphasized by the remarks made a few moments ago by the hon. member for Comox-Alberni. Having had some background of experience in this respect, I strongly urge the minister that with the statutory declaration indicating that it is the wish of all members of parliament that a trans-Canada highway be proceeded with, any further attempt to deal with the matter by correspondence be abandoned until the provinces meet together and settle an over-all plan.

I would remind the minister that when attempts were made to make separate deals with the provinces in regard to tax arrangements, it brought anguished public statements from even provincial premiers who had most strongly supported the idea of entering into those agreements. If separate arrangements are made, based upon different standards and different widths and different procedure for determining the prior cost of segments of highway which were completed before the new arrangement was entered into, then the whole structure will be one which will proceed by progressive—and progressive is hardly the word—

An hon. Member: No.

Mr. Drew: —by unsatisfactory piece-by-piece dealings instead of by a clear, bold plan which all accept as the one under which they are going to work. I want to emphasize the vital importance of bringing the provinces together once this act is passed so that round-the-table arrangements may be made to the end that the representatives of Newfoundland on the east and British Columbia on the west may be aware now, instead of at some later time, of variable factors which will apply in respect to the arrangements in any particular province. It will save the minister a lot of trouble, and it will assure the satisfactory development of this great project.

Mr. McIvor: I think actually the leader of the opposition is convinced that this young minister is going to see this thing through. He can rest assured that the minister is not going to take a job like this and then throw it down.

Mr. McLure: Mr. Chairman, I should like to know if tentative arrangements have been made with regard to the route in Prince Edward Island. The starting point must be Tormentine in New Brunswick. The next link is the *Abegweit*, which crosses the Northumberland strait. When that is included in the highway we shall have the fulfilment of one of the terms of union of 1873. Then we reach Borden. It has been suggested by the minister that the highway should follow the shortest route to the capital; therefore the road would run from Borden through Victoria, to Crapaud, and then direct to Charlottetown, thereby saving fourteen miles as compared with the hard-surfaced road which is now in use. This route would necessitate a new bridge in order to cross the North river, because the old bridge farther down is not suitable for present day traffic. The North river bridge would be built at Brighton, and the road would then go directly into the heart of Charlottetown.

I understand that some leeway has been given the provincial government, because since I left in September they have opened up a highway from Brackley road to the lower North river with a hundred foot right of way—something new in our province. The rumour is that this highway is to be finished as part of the direct route from Borden. If the minister knows anything about these rumours, I should like him to tell us so we can give a little further consideration to this.

Mr. Winters: I know nothing about these rumours. In reply to the leader of the opposition, I would simply refer him to page 2330 of *Hansard* of November 28, 1949, where I am reported as having said:

> It seemed desirable, therefore, that we should go ahead with the legislation and then invite provincial governments to attend a conference of officials and technicians for the purpose of discussing all matters of technical detail, with a view to resolving all such points to the mutual satisfaction of the provincial and federal governments.

Mr. Fulton: The minister gave a clear answer to the question I asked; in which he said that there is no intention to limit the amount in any one year. I think this should receive further consideration. Carried to its logical or possible conclusion, it means that any province in a less fortunate financial position than the others, any province that is not able to start work as early or to pursue it as aggressively as other provinces, might in the end receive nothing, or virtually nothing, from this $150 million. I am almost certain that the minister will be asked to give some assurance at the proposed conference that this will not happen. While there is no provision in the bill to which I could suggest an amendment in this regard, the minister will I hope consider this point and, at the conference he proposes to call, be ready to propose some safeguards against anything of the kind.

Mr. Green: The reference the minister made yesterday was a conference of officials and technicians. Is it not the intention to call together the ministers from the different provinces? It would appear from the minister's statement that this is to be a technical rather than a policy conference.

Mr. Winters: A conference was held last December. When the provincial authorities assemble for a conference to discuss details, it will be the privilege of any provincial minister to attend if he wishes to discuss those details. I have no doubt that there are some who will wish to do this. The conference we envisage now will be one relating to matters of technical detail. I believe this has been brought out in the house, and it reflects the views of hon. members as to the next point of procedure. Following the conference we will determine what the next step will be toward implementation and the signing of agreements.

Mr. Drew: I had thought I had ended my remarks on this matter, but I am seriously alarmed by the statement just made by the minister. First of all, let me say most definitely that the conference last December was not a policy conference. No policy was decided upon; no policy was even considered. The fact is that the provincial representatives who met here last December all went away questioning the value of coming here when no real program had been put in front of them. They went away without any real knowledge of what was intended. Nothing was decided, from the policy point of view, which would make it possible to bring in the experts to work out the technical details which of necessity must be related to an integrated plan.

I urge upon the minister that he reconsider his statement that the conference he proposes to call will be one of technical experts. The first meeting should be one by governments, if this act is to be the basis of a successful development of this project. I repeat that the first step is for the governments to meet at the government level to determine the procedure by which an over-all plan may be arrived at. It is only then that the technical experts can usefully discuss what is to be done.

Mr. Bater: Mr. Chairman, after listening to the remarks made this morning I have come to the conclusion that it is about time the hatchet was buried by the different parties in this chamber and by the federal government and the governments of the

different provinces. Personally I feel that there is no cause for alarm. I consider that this highway project is the greatest project ever considered in the history of our dominion. It is something that has been awaited for many years. I have every confidence, that when the conference is held, any differences of opinion will be set aside, and that the individuals who will gather together to solve the problem and start the wheels moving will adopt principles of tolerance, sacrifice and responsibility, and get along with the job.

Mr. Green: Mr. Chairman, I have a press dispatch here which appeared earlier this month in the *Veterans Advocate*. It reads in part as follows:

> It had been planned to hold a dominion-provincial trans-Canada highway meeting in Ottawa, but that project has been abandoned in favour of individual meetings with the provinces.

Has it definitely been decided there will not be a meeting of representatives of the different governments in a nation-wide conference? I believe the minister of public works of British Columbia expects that there will be a further conference. Frankly I am surprised to learn today that the Minister of Reconstruction and Supply is planning to call in only technical officials from the provinces. I urge that he give consideration to having a meeting of the ministers of public works of the different provinces. There is time yet to change his plan in order to have such a meeting, and it seems to me a meeting of that kind would be much more likely to produce results. The technical men would also be present. I wonder whether the objective will be attained simply by calling in the technical men and leaving the ministers at home. They are not likely to come if they are not specially invited.

Mr. Winters: I do not think that this should be a point of contention at all. In my opinion the plan has developed as far as it has by a process of co-operation. I have talked or written to the representatives of every provincial government. I have spoken personally to all but one, as I said in my statement. In those conversations we decided what the best course of action should be. We felt the first stage should be to bring down the legislation, and then to get together and discuss matters of technical detail. That is a point on which there has been agreement between the provincial governments and ourselves on the ministerial level, if you wish to call it that. After that has been done, and all points have been resolved, we shall have to decide what the next step should be towards the signing of agreements so that the work can be got under way.

Mr. Green: Is it the thought that there may be a conference on the ministerial level after the meeting of the technical personnel has been held?

Mr. Winters: The invitation to provincial governments to attend a conference to discuss technical details will of course be directed through the provincial minister concerned. He will be invited to come himself or to send one of his officials to discuss technical points. The minister will be entirely free to come. For the information of hon. members I think I should say that so far no letter has gone out, but one is being prepared and will be sent in the near future. After that conference has been held, I am sure we shall be able to decide in a spirit of co-operation what the next step should be.

Mr. Green: In the Vancouver papers which arrived yesterday there are two questions raised. One is as follows:

> A stumbling block to be removed, however, on this route is the operation of commercial truck transports through the national park areas which the road traverses. So far the federal government has not permitted this.

I mentioned in my remarks yesterday that for many years there had been objection to trucks not being allowed to use freely the highways through the national parks. The article goes on:

> Another point on which B.C. seeks clarification is construction of the highway through towns and cities. Present federal plans call for building the road only to municipal boundaries.

I do not believe that press statement is correct, but will the minister clarify these two points?

Mr. Winters: The matter of commercial traffic through public parks is an important point, and it is one that is under discussion. I have nothing further to add at this time, except to say that it is a good point.

Mr. Green: Is that not entirely in the control of the dominion?

Mr. Winters: Yes, it is. As to the second point, concerning the arrangements through municipalities, we have told the provincial governments that the normal relationship between the provincial government and the municipality with respect to payment for highways will prevail, so far as that is possible.

Mr. Green: What does the minister mean by that? In the terms which were sent out to the provincial governments the minister said that

the dominion government would not pay anything in excess of the cost of a two-lane highway. Does that also apply through towns and cities? In other words, if the street is 66 feet wide and the province is contributing to the construction and upkeep thereof in the municipality, will the position be that the dominion government will contribute only up to the width of a two-lane highway?

Mr. Winters: That is what is contemplated at the moment.

Mr. Noseworthy: Can the minister give us an estimate as to how much of the $150 million will be required to reimburse the provinces for work that has already been completed on sections of the highway?

Mr. Winters: I do not think I could give anything that would be of any value, because the routes have not yet been determined.

Mr. Argue: I think section 4 is the most important one in the bill. It is the section concerning which a great deal of the discussion has already taken place. It is the provision whereby the federal government's contribution to the building of the trans-Canada highway will amount to no more than fifty per cent. I was particularly glad to see the stand taken by the leader of the opposition and the leader of the Social Credit party when they pointed out that a fifty per cent contribution is too low to assure the building of a trans-Canada highway within the seven-year period. If the highway is to be built within a reasonable time, the contribution of fifty per cent should be increased, so that there will be a greater incentive for each province to undertake construction within its own boundaries. The minister has said the building of the trans-Canada highway is contingent upon all provinces signing agreements. With a contribution of only fifty per cent I would say that the cost may be too high for some provinces to proceed.

I was greatly impressed by the speech of the leader of the Social Credit party. He pointed out that even for a province as wealthy as Alberta the contribution required from the province for the building of the highway within its boundaries will be a serious burden on the provincial treasury. If this is so in Alberta, certainly some of the maritime provinces, and likely the province of Saskatchewan, will have even greater difficulty in attempting to match the federal contribution dollar for dollar. I suggest, Mr. Chairman, that the fifty per cent contribution be increased to seventy-five per cent. If the federal government's contribution is increased, I believe that each province will be able to go ahead with the construction of a trans-Canada highway in the near future.

I should like, therefore, to move an amendment, Mr. Chairman, seconded by the member for Saskatoon. The amendment is as follows:

That clause 4, subclause (2), be amended by deleting therefrom the words "fifty per centum" and by substituting therefor the words "seventy-five per centum."

This amendment will in no way increase the expenditure made by the federal government under this act. The expenditure to be made under this act is covered by clause 7, which states that the aggregate of all expenditures shall not exceed $150 million. All this amendment would do is to change the formula, so that the provinces could undertake construction. I admit that it might mean a reduction in the standard of the highway; I do not know. It would at least assure the building of a trans-Canada highway, and it would establish the principle that the federal government should make a greater contribution.

The federal government has found that in many cases, such as old age pensions and housing, it must make a seventy-five per cent contribution to enable the provinces to fulfil their obligation. The same principle should be applied to the building of the trans-Canada highway. If the government really desires the highway it should be prepared to pay seventy-five per cent of the cost, while the provinces contribute twenty-five per cent.

Mr. Howe: Mr. Chairman, obviously the amendment is out of order, since it calls for an increase in the expenditure of public funds.

Mr. Knowles: On the point of order, Mr. Chairman, I am sure that the Minister of Trade and Commerce, in his statement that the amendment is obviously out of order, has not taken even a moment to think about it. I ask you, sir, and members opposite to take their time in considering this matter. It is quite clear that the amendment is in order. May I remind you, sir, and all hon. members, of the statement my colleague the member for Assiniboia has just made, namely, that clause 7 of the bill sets a ceiling on the amount of money to be spent under this bill. If the bill is passed without this amendment, the total amount of money to be spent will be $150 million. If my colleague's amendment carries and the bill passes with the "seventy-five per centum" in clause 4, the total amount of money to be spent by this government will still be only $150 million. All this amendment does is to relax the terms upon which the federal government is making the money available.

If I may illustrate by using a figure, in order for a province to secure $3 of federal money now, it has to match it with another $3.

If my colleague's amendment carries, in order for a province to get $3 of federal money, it would have to match it with only $1. As my colleague has stated, it might result in less money being spent on the highway, but at least it would make it possible for the highway to be started, and it would establish the principle of a three to one contribution.

On Saturday last the member for Rimouski, who is parliamentary assistant to the Minister of Finance, introduced a bill to amend the Industrial Development Bank Act. The amending bill was introduced without any prior resolution. In introducing it, the parliamentary assistant explained why there was no prior resolution. He said that it was not a money bill—that is did not involve expenditure. The member for Coast-Capilano is now nodding his head up and down. The member for Rimouski said that the Industrial Development Bank Act sets a ceiling of $25 million. All that his amendment did was to relax the terms on which a portion of that money is to be made available. He said that because it did not change the ceiling of $25 million, it did not involve an increase in expenditure. Mr. Chairman, the cases are completely analogous.

The bill before us sets a ceiling of $150 million, and the purpose of my colleague's amendment is to relax the terms on which that federal money is to be made available to the provinces. I submit that members opposite cannot claim one rule for the government on Saturday, and apply another rule to the opposition on Tuesday. If on Saturday it was in order for the member for Rimouski to say that his amendment did not involve an increase in expenditure, because it left the ceiling where it was and merely relaxed the terms on which that money was made available, I submit it is in order today for the member for Assiniboia to move an amendment that leaves the ceiling at $150 million, and merely relaxes the terms on which that money is to be made available.

I could go further, Mr. Chairman, and read from pages 510 and 511 of May, but I will simply paraphrase it. On those pages it says that once the resolution preceding a bill has been brought in with the royal recommendation, no amendments can be made that go beyond the terms of the resolution; in other words no amendment can exceed the scope of the royal recommendation. May I remind you, sir, that when the minister of reconstruction brought in the resolution preceding this bill, it did not specify any plan of contribution. There was no mention of a fifty-fifty basis. The rule is quite clear that when the house is in committee on a bill, any amendment to the terms of the bill can be made, provided it does not go beyond the terms laid down in the resolution which was laid before the house with the royal recommendation.

I turn to the resolution, which is on page 2023 of *Hansard*. It reads:

> That it is expedient to introduce a measure to encourage and assist in the construction of a trans-Canada highway and to provide for this purpose that the Minister of Reconstruction and Supply may enter into agreements with any provinces providing for the payment by Canada to those provinces of contributions in respect of the cost of a trans-Canada highway; with provision also for the employment of temporary engineers, technical officers and other employees for the purpose of the act.

The proposal to which the governor general gave his approval—that is what counts in these matters—was a plan which involved contributions couched in general terms. When the royal recommendation was received, the resolution did not mention a fifty-fifty basis, or any other specific plan. So long as we stay within the terms of the resolution, we are in order, and that is precisely what this amendment does.

But I come back to what I said before, Mr. Chairman, that not only are we staying strictly within the terms of the resolution but we are at this point moving an amendment that does not involve an increased expenditure of money, any more than the amending bill did which the hon. member for Rimouski brought in on Saturday last. I submit that if the rule applies one way for the government on Saturday, it should apply in the same way for the opposition on Tuesday.

Mr. Howe: I am sure, Mr. Chairman, that no explanation of mine is really needed with regard to the specious argument of the hon. member for Winnipeg North Centre.

Mr. MacInnis: It is not specious at all, and the minister knows it.

Mr. Howe: May I point out that the purpose of this bill is to build a trans-Canada highway from coast to coast at an estimated cost for the project of $300 million. The appropriation made here is intended to cover the government's share of the project. It is obvious that if the government's contribution is raised from fifty per cent to seventy-five per cent, additional funds will be required. Whether they are appropriated in this bill or not is immaterial. The motion represents an additional drain on the treasury of Canada, and therefore it is clearly out of order.

Mr. MacInnis: On the point of order, Mr. Chairman, the Minister of Trade and Commerce said that this bill stipulated the building of a trans-Canada highway that would cost $300 million.

Mr. Howe: No, I did not.

Mr. MacInnis: There is no such stipulation in the bill. The stipulation in the bill is that the federal government will provide up to $150 million. It does not say that that is for completion of a highway, either. This amendment does not increase the amount that the government will spend. It may reduce the amount that the provincial governments may spend, but it certainly will not increase the amount that the federal government will spend. For that reason it is absolutely in order, as every hon. member of this committee should know from the clear explanation of the rules given by the hon. member for Winnipeg North Centre.

Mr. Sinclair: I should like to speak to the point of order. To begin with I support the contention of the Minister of Trade and Commerce that the purpose of this bill is not to grant $150 million to the provincial governments for road construction. The principle of this bill is to construct a trans-Canada highway to the specifications given by the Minister of Reconstruction and Supply in his speech on second reading. Section 4 and section 7 are of course related in that respect. Under section 7 and section 4, when taken together, the fifty per cent contribution of the federal government is estimated at $150 million, which means that the cost of the highway is $300 million. Therefore when the hon. member for Assiniboia raises the percentage provided in section 4 to seventy-five per cent, that means seventy-five per cent of $300 million.

An hon. Member: No, it does not.

Mr. Sinclair: The result would be that section 7 would have to be amended to read $225 million.

As to the argument of the hon. member for Winnipeg North Centre that this is an exact analogue to the remarks of the hon. member for Rimouski on Saturday, I want to point out that there is a great difference. The Industrial Development Bank Act provided for an expenditure of $25 million, but that sum of $25 million could be available for loans for approved projects on which, incidentally, the government makes profits. In that bill there was the initial provision that for a certain period only $15 million should be available for these loans; and the bill proposed by my colleague was to provide that the remaining $10 million which had already been authorized by the first act should now be made available for these loans. There is no similarity whatsoever between what was moved by my colleague and what the hon. member for Assiniboia is now trying to do.

Mr. Fulton: Speaking to the point of order, it seems to me that the point just put forward by the parliamentary assistant, the hon. member for Coast-Capilano, is not well taken. Here we have a bill which authorizes the expenditure by the federal government of $150 million. That is all the bill does with respect to money.

Mr. Sinclair: It is a bill to build a trans-Canada highway.

Mr. Fulton: The expenditure of $150 million is the only authorization with respect to money which the bill contains. The amendment moved by the hon. member for Assiniboia does not vary in any sense the over-all commitment for the expenditure of money which is provided by the bill. It changes the details as to how the money will be spent, but it does not change the over-all commitment. It does not upset the balance of ways and means, or impose upon the treasury, if accepted, the obligation of raising further money by taxes, because the government is still committed to the expenditure of only $150 million.

The matter introduced into the argument put forward by the Minister of Trade and Commerce, and repeated by the hon. member for Coast-Capilano, raised an entirely new question. It raised the question whether $150 million is going to be sufficient to finish this highway. That is not involved in the argument or in the amendment moved by the hon. member for Assiniboia. Since the resolution and the bill, as to ways and means, is limited only to the expenditure of $150 million, and the amendment moved by the hon. member for Assiniboia does not vary that amount, I submit that the amendment is in order.

Mr. Byrne: Speaking to the point of order, Mr. Chairman, I certainly cannot see how it will be possible for the dominion government to be assured of a trans-Canada highway which includes Newfoundland and Prince Edward Island, and, as I believe was suggested this morning, Vancouver island from north to south, unless they are assured that the provincial governments are going to pay fifty per cent of their share, as was outlined by the Minister of Reconstruction and Supply yesterday.

When he moved the second reading of this bill, the minister indicated that there would be certain specifications that would have to be lived up to. They may vary in different provinces, but we shall at least have a two-lane highway and not a cow trail; that was the intention of the bill. The cost is estimated at $300 million, and that is the basis on which

this committee is discussing the entire problem; the federal government is proposing to pay $150 million.

If it is determined that the provinces are going to pay only $75 million, then we have a $250 million highway and not a $300 million highway. At least we are cutting down from $300 million. Therefore we shall not have the highway that is anticipated by the $300 million figure. In order to ensure that there will be a two-lane highway from coast to coast, this government will ultimately have to pay more than $150 million, if it has been determined that the provinces are desirous of cutting down on the contract. I cannot see how the group that are putting forward this amendment can be so narrow in their outlook on the whole question, and I submit that it is out of order.

Mr. Fulton: There is a citation here to which I think your attention should be directed, Mr. Chairman. It is found in Beauchesne's Parliamentary Rules and Forms, second edition, starting at page 165, paragraph 559:

> The constitutional principle which vests in the crown the sole responsibility of incurring national expenditure, forbids an increase by the commons of a sum demanded on behalf of the crown for the service of the state. This principle, however, is apparently disregarded when the recommendation of the crown is given to a resolution empowering the expenditure of public money which, framed in general terms, places no limitation on the amount of expenditure to be authorized by the resolution.

The resolution on which the bill is based is drawn in general terms; it places no limitation upon the amount of money to be spent to implement the resolution. It has already been read, and therefore I will not repeat it, but I would refer you, Mr. Chairman, to page 2033 of *Hansard*, where the resolution is recorded.

The point of order therefore is this. In our contention the amendment moved by the hon. member for Assiniboia will not in fact increase the amount to be spent by the federal government; it will still leave it at $150 million. But even if it did, and even applying the arguments of the Minister of Trade and Commerce and the hon. member for Coast-Capilano, the resolution being framed in general terms and placing no limitation upon the amount of money to be spent, according to citation 559, to which I referred you, sir, the amendment would still be in order.

The Chairman: The bill is a money bill. It provides for the expenditure of money. The amendment moved by the hon. member for Assiniboia increases the financial responsibility of the government. The amendment, if agreed to, would place upon the shoulders of the government responsibility for increasing the amount of money to be spent. An amendment of that kind cannot be moved by a private member. I refer hon. members to citations 453 and 458, third edition of Beauchesne.

The proposed amendment would place upon the government an increased financial responsibility, and cannot be moved by a private member. Therefore I rule the amendment out of order.

Mr. Knowles: Because I believe that citation does not apply at all, I must appeal your ruling to the house.

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

> When Bill No. 194 was under consideration in committee of the whole, Mr. Argue moved that clause 4, subclause 2, be amended by deleting therefrom the words "fifty per centum" and by substituting therefor the words "seventy-five per centum." The chairman ruled the amendment out of order on the ground that it increased the financial responsibility of the government.
>
> Whereupon Mr. Knowles appealed from the ruling of the chairman.

Mr. Speaker put the question as follows:

> Mr. Dion, chairman of the committee of the whole, reports that the committee was considering section 4(2) of Bill 194, to encourage and to assist in the construction of a trans-Canada highway. Mr. Argue, seconded by Mr. Knight, moved that said section 4(2) be amended by deleting therefrom the words "fifty per centum" and by substituting therefor the words "seventy-five per centum."
>
> The chairman ruled the amendment out of order in that it increased the financial responsibility of the government. From this ruling the hon. member for Winnipeg North Centre, and others, appealed.

The house divided on the question: Shall the ruling of the chairman be confirmed? And the ruling was confirmed on the following division:

YEAS

Messrs:

Abbott	Cavers
Anderson	Chevrier
Applewhaite	Clark
Ashbourne	Cleaver
Bater	Cloutier
Beaudoin	Conacher
Belzile	Corry
Bertrand	Cote (Matapedia-Matane)
Blanchette	Cote (Verdun-LaSalle)
Blue	Croll
Boisvert	Darroch
Boivin	Decore
Bonnier	Dewar
Boucher	Dickey
Bourget	Douglas
Bradette	Dube
Bradley	Dumas
Breithaupt	Elderkin
Bruneau	Eudes
Byrne	Eyre
Cameron	Ferrie
Carroll	Follwell
Carter	Fournier (Hull)
Cauchon	

Fournier (Maisonneuve-Rosemont)
Fulford
Garland
Garson
Gauthier (Lake St. John)
Gauthier (Sudbury)
Gauthier (Lapointe)
Gauthier (Portneuf)
George
Gibson (Hamilton West)
Gibson (Comox-Alberni)
Gingras
Gingues
Goode
Gosselin
Gour (Russell)
Gourd (Chapleau)
Gregg
Harris (Grey-Bruce)
Harrison
Healy
Hellyer
Helme
Hetland
Hosking
Howe
Huffman
Hunter
Isnor
James
Jeffery
Jutras
Kent
Kickham
Kirk (Antigonish-Guysborough)
Lafontaine
Laing
Langlois (Gaspe)
Lapalme
Lapointe
Larson
Lefrancois
Leger
Lesage
Little
Macdonald (Edmonton East)
MacDougall
MacKenzie
MacLean (Cape Breton North and Victoria)
MacNaught
Macnaughton
McCann
McCubbin
McCulloch
McIlraith
McIvor
McLean (Huron-Perth)
McWilliam
Major
Masse
Maybank
Mayhew
Mitchell
Monette
Mott
Murray (Cariboo)
Mutch
Nadon
Nixon
Picard
Pinard
Proudfoot
Prudham
Ratelle
Richard (Gloucester)
Riley
Rinfret
Roberge
Robertson
Robinson
Rooney
Ross (Hamilton East)
St. Laurent
Sinclair
Smith (Queens-Shelburne)
Smith (York North)
Smith (Moose Mountain)
Stewart (Yorkton)
Stick
Stuart (Charlotte)
Studer
Tremblay
Tustin
Valois
Viau
Ward
Warren
Weaver
Weir
White (Hastings-Peterborough)
Whiteside
Whitman
Winkler
Winters
Wood—152.

NAYS

Messrs:

Argue
Balcer
Black (Cumberland)
Blackmore
Blair
Browne (St. John's West)
Casselman
Catherwood
Charlton
Church
Coldwell
Courtemanche
Coyle
Drew
Fair
Fleming
Fraser
Fulton
Gillis
Green
Hansell
Harkness
Harris (Danforth)
Hatfield
Herridge
Higgins
Hodgson
Johnston
Jones
Knight
Knowles
Lennard
Macdonnell (Greenwood)
MacInnis
McGregor
McLure
Murphy
Noseworthy
Pearkes
Quelch
Rowe
Smith (Calgary West)
Stewart (Winnipeg North)
White (Middlesex East)
Wright
Wylie—46.

And the house having resumed in committee:

On section 3—*Agreements with provinces.*

Mr. Black (Cumberland): Is there an understanding with each of the ten provinces indicating that they are prepared to enter into agreements under this legislation?

Mr. Winters: No, there is no understanding.

Mr. Black (Cumberland): If one province refuses to enter into an agreement, will that mean that the whole undertaking will be blocked?

Mr. Winters: I do not think it is fair to anticipate that situation. In our public statements we have said that this is a national project, and if all the provinces do not participate, it will not be a national project and would have to be considered in that light.

Mr. Black (Cumberland): Will the agreements with the provinces indicate the termini of the trans-Canada highway in the respective provinces?

Mr. Winters: That will be one of the things defined in the agreements.

Mr. Black (Cumberland): What is the proposal with regard to branch trans-Canada highways? When the original trans-Canada highway was laid down in Nova Scotia, one of the terminals was at Louisburg, in the eastern portion of the province. As I have said on other occasions, the trans-Canada highway should go to Cape Breton in order to tie up with the highway in Newfoundland. Will this particular branch road in Nova Scotia, and the highway in New Brunswick which connects with Prince Edward Island, be considered as parts of the trans-Canada highway, and will payments be made to those provinces in connection therewith?

Mr. Winters: Any highway that becomes a part of the trans-Canada highway will be considered when provincial assistance is being given.

Mr. Black (Cumberland): That road would be considered as a branch of the trunk road in the province?

Mr. Winters: Not necessarily. It will depend upon what Nova Scotia decides in respect to its trans-Canada highway. If it decides that the highway should run from the east coast of Cape Breton Island to the New Brunswick-Nova Scotia border on the west, payment will be made accordingly.

Trans-Canada Highway

Mr. Black (Cumberland): Has the minister received any authority since yesterday to lay on the table the correspondence with Nova Scotia? We are being asked to approve a policy involving the construction of 5,000 miles of trunk highway, representing an expenditure of $150 million of federal money and $150 million of provincial money, and this correspondence is being withheld. If the minister has not received any authorization since yesterday, I would ask him to lay on the table of the house that portion of the correspondence emanating from the federal government and his department. I should like to have that portion of the correspondence laid on the table.

Mr. Winters: I have still received no permission from Nova Scotia to table the correspondence. In reply to the request that the federal government table the letters originating with it, I believe it would be unfair to the province, on the ground that the letters from the federal government would clearly imply what is contained in the letters originating with the province of Nova Scotia, and thus such action would not conform to the spirit of the wishes of the government of that province.

Mr. Black (Cumberland): I do not agree with the minister. He is making commitments on behalf of parliament involving a major policy and a very large sum of money. I feel that we are entitled to know what commitments he has made to the province of Nova Scotia or to any other province, the correspondence with which has not been laid on the table.

Mr. Winters: There have been no commitments, nor will there be any until the agreements are entered into.

Mr. Black (Cumberland): If there are no commitments, there are proposals made by the minister to the respective provinces, and I should like to have a copy of them.

Some hon. Members: Carried.

Mr. Black (Cumberland): Does the minister refuse to lay the correspondence on the table?

Mr. Abbott: Yes, of course.

Mr. Black (Cumberland): I should like to have the "yes" from the minister.

Mr. Winters: I have no power to act on behalf of the government of Nova Scotia.

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

Mr. Abbott: Open a law office.

Mr. Knowles: The Prime Minister need not scowl, because it is the same point of order he raised last night, except that in this instance the citation supports my contention. Last night the Prime Minister wanted the hon. member for Rosetown-Biggar to lay on the table private letters which he was citing.

Mr. St. Laurent: I deny that positively. I made no attempts to have any private correspondence laid on the table. I said that the hon. member for Rosetown-Biggar, having declared frankly that he was not prepared to lay the letter on the table or to say from whom it emanated, was not in order in reading it to the house. I objected to the reading of the letter. I did not ask that it be tabled.

Mr. Knowles: It amounts to the same thing.

Some hon. Members: No.

Mr. Knowles: You would think those members who want to go home for Christmas would not interrupt so much.

Mr. St. Laurent: I may inform the hon. member that if he wants to stay here for Christmas, we will oblige him.

Mr. Knowles: I don't mind. It is the nation's business we were elected to attend to.

The Prime Minister raised a point of order and objected to the hon. member for Rosetown-Biggar reading a letter which he was not prepared to lay on the table. During the course of the debate on the point of order the hon. member for Rosetown-Biggar read citation 316 from Beauchesne, second edition.

The Chairman: Order. That was decided yesterday; it is finished.

Mr. Knowles: I am now rising on a point of order, namely, that the Minister of Reconstruction and Supply has refused to meet the request of the hon. member for Cumberland to lay on the table a public document which he has cited, namely, his own letter.

Some hon. Members: No, no.

Mr. Knowles: Citation 316 reads:

> It has been admitted that a document which has been cited ought to be laid upon the table of the house, if it can be done without injury to the public interest. The same rule, however, cannot be held to apply to private letters or memoranda.

The rest of the citation is there, but I do not need to read it. It makes it clear that it does not apply to private letters or memoranda, but that it does apply to public documents. Perhaps I should have read the rest of the citation, because it refers to letters to which a minister of the crown had referred in the United Kingdom parliament.

Mr. Winters: To the best of my knowledge —and I think I am correct in saying this—I

have never referred in the house to letters I have written to the government of Nova Scotia in this connection.

Mr. Knowles: There has been a lot of talk about it.

Mr. Hansell: I should like to ask the minister a question. The effect of an answer which he gave a few moments ago was that it would not be fair to anticipate something or other. When the government brings down legislation of this kind, it appears to me they should anticipate every possible angle. My question to him may involve some anticipation. The amount that the federal government is putting up is fifty per cent of that which each province will provide. Suppose a province cannot put up the required fifty per cent. What is going to happen? I have it in mind that the provinces already have certain plans prepared for highway construction covering a number of years, or at least for the next couple of years. Is it possible that these provinces may hold up the trans-Canada highway program because they have no additional money to apply to the program contemplated by the present bill? If they use their money for trans-Canada highway construction, then I am afraid a good deal of secondary road work in the provinces will go by the board for a few years.

It is one o'clock, and perhaps I have said enough at the moment. The minister can reply later. I should like to say a little more on this point.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Hansell: To revert to what I was saying when the committee rose at one o'clock, it is proposed to spend $150 million on this highway over what might consequently prove to be a period of seven years. The provinces will put up fifty per cent of the cost, which will mean another $150 million coming from the provinces. I see a difficulty in that.

Supposing the provinces have already made plans for a highway program to cover the next two or three years. I believe some of the provincial governments look several years ahead, and plan accordingly. I shall give you an example of what I have in mind. Suppose when construction of the trans-Canada highway commences a province has decided to spend $10 million on its over-all highway program; so much is allotted to first-class, hard-surfaced highways; so much for second-class gravelled highways, and so much for third-class or market roads which are only graded. This program calls for an expenditure of $10 million for that year. The dominion government then says it proposes to spend $5 million in that province on the trans-Canada highway in that year. The provincial government may say that will mean we shall have to get another $5 million from some place. We have already planned a $10 million program, so where are we going to get this $5 million. We cannot raise that much. Has the government anticipated a situation of that kind? What will they propose if that happens?

I am afraid that in such a situation the province may say, "We will have to cut our program in half and take $5 million from what we proposed to spend in some other part of the province, and put it on the trans-Canada highway so that we can get $5 million from the federal government this year". I rather favoured the amendment that was proposed by the member for Assiniboia, because if the provinces are to put up fifty per cent, will it not mean that they will have to depreciate part of their over-all program for municipal and secondary roads which are needed. In some cases, perhaps the provincial population needs those roads more than the trans-Canada highway. I know what happens in some of these provinces, because I live in one of them. Alberta has some good hard-surfaced roads, which were built in the hope of encouraging the tourist trade. We will not criticize that. There are some people, however, who do not live near those highways and they say, "What about us?" Those people live there all the time, and have to take their stock or grain to market. The tourist does not live in that province. Whether or not the criticism is justified, I am unable to say; but if any province, because of lack of funds, has to divert funds from its highway program in order to back the dominion government in building the trans-Canada highway, then there may be trouble brewing from certain sections of the public.

I should like to know whether the minister has anticipated any such thing, and how that situation will be met. I know the minister can say he has confidence in the provinces; he has always received co-operation from them and does not expect such a situation to arise. I should like some expression from the minister about that.

Mr. Winters: There were quite a number of suppositions in the statement made by the hon. member for Macleod. He said something about the provincial governments backing the federal government in its approach to this problem. From the outset I have felt, and I believe the members of the house have felt, it was the other way around; that the federal government was backing the provincial governments in the construction of

projects that would be theirs upon completion. I have no doubt that the provinces will be able to program their highways during the next seven years, so that they will be able to take full advantage of the assistance being made available by this bill.

Mr. Johnston: I should like to say a few words about this matter, but I am not going to make any extended remarks. I believe it is generally recognized that what we want in Canada is a permanent highway. If I were the minister, I would not consider for one moment anything that would lessen the standard of our roads. I believe that is one thing about which we must be extremely careful. We must see that every portion of the highway is built up to the required standard, so that it will last.

There has been a good deal of talk about the fifty per cent contribution by the federal government and fifty per cent by the provincial government. As I said when I was speaking the other day, I believe that the percentage contributed by the federal government is too low. I suggested that a 66⅔ per cent contribution by the federal government would be more appropriate. I shall not argue about that, because I think the government has decided on that amount. When the provinces meet, perhaps they will be able to thresh that out with the federal government. The contribution of fifty per cent by the provincial government is going to bear heavily upon some provinces. I am thinking of the province of British Columbia, in which this road will have to be built through the sides of mountains. A great deal of the work to be done is going to be done through solid rock, and that is likely to be expensive.

On the other hand, British Columbia has a decided advantage. In the first place, the problem of drainage is almost negligible, while the problem of drainage for road construction on the prairies is a considerable item. After the capital expenditure has been made for the construction of this road through the rock in British Columbia, that road should be good for one hundred years. It will be built on a rock foundation. There are sections of British Columbia through which the road might run where repair work would be required, and I wish to speak about that. Those would be the sections in which the rivers flooded.

A good illustration of what I have in mind is the new road just completed from Hope to Princeton. If I recall correctly, newspaper reports state that a large portion of that road has been washed out. I want to speak about that particularly. After this road has been built across the prairies, it will not last nearly as long as the road constructed through the rocky sections of British Columbia. The federal government contributes fifty per cent of the capital cost of the construction of the road through that rocky section. We hope they will be more generous and raise it to 66⅔ per cent. After the road has been constructed on the prairie, and certain sections of British Columbia which probably have the same type soil, a tremendous amount of money will be needed for maintenance. Supposing the section of the road from Princeton to Hope were considered as part of the trans-Canada highway, and the federal government had made its contribution of fifty per cent. Now a large section of that road is already washed out. Who is going to rebuild it? We want a trans-Canada highway which is going to be permanent. Aside from the contribution made toward capital construction, I think that in all fairness the federal government should contribute fifty per cent of the maintenance charges. I am not saying that to put the federal government on a spot or anything like that. There does not need to be any alteration of this bill. But the point is that unless some provision is made whereby there will be co-operation with the provinces on the financial basis in regard to maintenance, we are going to run up against some serious difficulties.

There could not be a better example of that than the road from Hope to Princeton. I had the pleasure of going over part of that road this year before it was completely constructed, and believe me, it was a tough engineering project; but there was a beautiful road there. Now a great storm comes along and overnight it is washed out. As the bill now stands, the federal government has made no provision to assist British Columbia in rebuilding that section which was washed out, through no fault of their own. As to this highway, I am not going to criticize the government too much—and I emphasize the word "too"—on the fifty per cent financial contribution toward capital expenditure, but I am going to criticize it most severely for failing to put in the bill a provision whereby it will contribute fifty per cent of the maintenance. That is a serious thing, and we should take it into consideration now.

Mr. Green: Subsection 2 of section 4 puzzles me a bit. It reads as follows:

> The contributions paid to a province under this section shall not exceed fifty per centum of the cost to the province of the construction of the highway as determined by the governor in council.

Does that mean that the governor in council can decide, first, what figure is to be taken as the cost of construction and, second, what proportion of that cost is to be paid by the dominion? I think that is the meaning as the section reads; in other words, it means

that the cabinet is taking the final decision as to the cost of the road built by the provinces and as to what percentage of that cost will be paid by the dominion. Will the minister explain the intention with regard to that clause?

Mr. Winters: The clause is intended to enable the federal government to provide fifty per cent of the cost of construction of a highway; the costs, and what determines costs, to be determined by the governor in council.

Mr. Green: In other words, the cabinet have the final say as to what the road costs the province. That is not a matter of agreement between the dominion and a province.

Mr. Winters: It is more a matter of what items go into costs. Once it has been established what items go into costs, it is clear under the terms of this bill that the federal government will pay half.

Mr. Green: Is the government planning to pay the same percentage of cost to each province or will one province get fifty per cent and another province get say thirty-five per cent? Is it the intention that they shall all get exactly the same percentage of the cost of construction?

Mr. Winters: That is the intention, Mr. Chairman, yes.

Mr. Higgins: I should like to ask the minister if he has received a proposal to dam the strait of Belle Isle. This is entirely on the highway question. If he does not know about it, I will explain it to him later. Perhaps he has received a request. The only other matter about which I wish to ask is this. What happens in the event of a province signing this agreement and not carrying out the agreement within the specified period whereas some other province completes the full agreement? Does the province that completes the agreement get paid whereas the first province, we will say, spoils the whole scheme?

Mr. Winters: It is proposed to pay for work completed; and as the work progresses and the mileage is completed to the standard required, payments will be made.

Mr. Higgins: What about the damming of the strait of Belle Isle?

Mr. Winters: I do not believe that matter comes within the ambit of this bill.

Mr. Higgins: I am quite serious, Mr. Chairman. I notice that there is a press dispatch of November 28 which reads as follows:

> The Saguenay chamber announced that it has sent on to the federal government a resolution asking that trans-Canada highway plans include a 900-mile road along the St. Lawrence north shore from Quebec to Blanc Sablon.
>
> The resolution recalled that the theory of blocking the strait of Belle Isle, nine miles wide at Blanc Sablon, has been discussed in Quebec province.

Has the minister received any such request?

Mr. Winters: No, I have not.

Mr. Higgins: Does he propose to do anything about it, if he does?

Mr. Pinard: Before this clause carries I wish to say a few words in support of the remarks that were made yesterday by the hon. member for Levis. I think that the minister will not be surprised if I agree with the suggestion made by my colleague that in negotiating with the province of Quebec or rather with the government of the province of Quebec the minister should insist that the Sir Wilfrid Laurier highway which commences in my constituency form part of the project of the trans-Canada highway. In addition to offering many other advantages, this highway is I think in keeping with the spirit of the legislation which is to make provision for building a road by the shortest route from east to west in each province of Canada. I believe that every member from the district of Montreal, as well as every member from Quebec, will agree that the shortest highway from Montreal to Quebec must go along the south shore. This will not be denied even by those who favour the suggestion that a trans-Canada highway must go through Three Rivers. Even if this trans-Canada highway goes through the home town of the Quebec premier, I think the autonomy of the province of Quebec will be preserved just the same.

There is another advantage in using the Sir Wilfrid Laurier boulevard in this project. There might be brought about a solution to the problem of tolls on the Jacques Cartier and Victoria bridges, which span the St. Lawrence at Montreal. I have just a word or two to add to that, Mr. Chairman. I think the minister would not allow the users of the trans-Canada highway to be forced to pay tolls when they cross these bridges in order to reach the Sir Wilfrid Laurier highway.

In conclusion, I suggest that in discussing an agreement with the province of Quebec, the minister should realize that the spirit of the legislation would be preserved if this good road were used. It was begun during a Liberal regime in the province of Quebec and I think the minister would be well advised if he would allow this road to continue, in that way adding to the project one section of good highway.

Mr. Gauthier (Portneuf): Mr. Chairman—

The Deputy Chairman: May I say to the hon. member for Portneuf that if he wishes to reply to the remarks made by the hon. member for Chambly-Rouville, he could perhaps more appropriately do so on section 5.

Mr. Gauthier (Portneuf): Mr. Chairman, my remarks will not be lengthy. I just do not agree with the hon. member who has just taken his seat when he says that the shortest way will be through Laurier boulevard. The shortest way would be on the north shore, especially through Three Rivers and through my home town on the north shore of the St. Lawrence. Because of the announcement made yesterday about an important discovery in my county it would be wiser to go through the north shore, to Three Rivers and Quebec.

The Deputy Chairman: Order. Some latitude has been allowed to discuss the route. Under no section of this bill can the route be discussed. From now on I would ask hon. members to confine their remarks to the clause under discussion, which is clause 4, "Contributions to provinces."

Mr. Cote (Matapedia-Matane): That is why I am rising.

The Deputy Chairman: I call on the hon. member for Kamloops.

Mr. Fulton: Why the necessity for the words in the last part of subsection 2 which read as follows: " . . . as determined by the governor in council?" The hon. member for Vancouver-Quadra asked a question about this and I am uneasy over the minister's answer. The subsection reads in full as follows:

> The contributions paid to a province under this section shall not exceed fifty per centum of the cost to the province of the construction of the highway as determined by the governor in council.

I can see no reason for these words, because section 3 of the bill clearly lays down the procedure which will be followed in determining the cost of the construction, and that cost has to be determined in accordance with the agreement arrived at between the dominion and the respective provinces. The agreements provide for, among other things, the right of the minister to inspect the tenders for the construction of the road; the right of the minister to inspect the road while it is being constructed; the method of determining the cost of construction; the amount of the contributions and the examination, inspection and audit of all construction costs and accounts. Therefore the method of determining the costs of construction is covered in the agreement. In addition, the minister has the right to inspect the work while it is in progress to make sure that it is being carried out efficiently, and to examine all contracts, and so on, and make certain that there is no room for overexpenditure or careless expenditure.

In view of that clear right of supervision which is given, and the provision for determining the costs of construction in the agreement, it seems to me that it would be quite unfair and unnecessary to give the overriding power to the governor in council under section 4 to determine what is the actual cost of construction. I would be inclined to recommend that the words should be taken out of the bill, but before doing so I would be much obliged to the minister if he would let us know why he considers these words must be in the bill.

Mr. Cote (Matapedia-Matane): I do not want to add to the difficulties of the minister, which seem to increase with every minute of the discussion. There is one well recognized fact. After the Rockies, the most beautiful scenery in Canada is to be found in the Matapedia valley and on the Gaspe peninsula. I have the honour to represent the Matapedia valley, but not Gaspe. I will not ask the minister to see to it that the highway goes through Matane; but, as I understand, it is the entire responsibility of the provincial governments to decide on the route to be followed. If the minister considers one fact, so far as our part of the country is concerned there is a road already through Matapedia on the way to Campbellton in the maritimes. That has already been built. It will be much easier to go from Riviere du Loup to Campbellton, and then to Edmundston, where my colleague was recently elected, and we should see that that route is followed if we have any influence whatever with Mr. Duplessis in Quebec.

The Deputy Chairman: Shall the section carry?

Mr. Fulton: Will the minister answer my question?

Mr. Winters: The provision for determination of costs by the governor in council was put in the bill as an added safeguard. I think it is pretty evident that where payments are being made of the order contemplated by this bill every precaution should be taken, and in fact every right is reserved by the governor in council to determine what the costs are.

Mr. Fulton: But the right to examine and to safeguard against extravagance is contained in section 3. It is provided there that the right will be exercised under the terms of the agreement. Presumably the agreement has to be arrived at by negotiation.

The provision that the minister has in mind to safeguard the expenditures of federal funds could be inserted and should be inserted in the agreement, and that is what is contemplated in section 3. That having been done, and the provinces having carried out their obligations in accordance with the terms of the agreement, it seems to me that it is not right, nor is it necessary, to insert a further provision which gives the governor in council the right to override or to veto or to disregard the costs as determined by the agreements and say, we determine that some other amount has been the cost of construction. Will the minister not agree that section 3 gives him adequate powers to safeguard against extravagance and to supervise the terms, methods and standards of construction?

Mr. Winters: No. I feel the provision is one that is necessary in the bill.

Mr. Knowles: Will the minister give us some idea as to the proportion of the $150 million to be spent under this bill that will be spent under clause 4? I think the reason I ask this question is quite clear. This morning the Minister of Trade and Commerce said that the purpose of the bill is to build a trans-Canada highway from coast to coast, at an estimated cost of $300 million for the project. One of the minister's objections to our proposals to increase the percentage to seventy-five per cent was that in his view it would defeat the purpose of the bill. My point is that if a large percentage of the $150 million is spent under sections other than section 4 it will simply mean that we shall not get a $300 million highway, and that would defeat the stated purpose of the bill. I think it is a fair question to ask whether $100 million, $125 million, or what amount, will be spent under section 4. Clearly if the whole $150 million is not spent under that section we shall not get a $300 million highway. I think it is fair to ask how much of a highway we are likely to get out of this bill.

Mr. Winters: I think I estimated on the resolution stage that it is now possible to go from one end of Canada to the other on sixty per cent hard-surfaced highway. If one estimates that the remainder of forty per cent is to be built new, then one can get some idea of that approach by assuming that we shall pay half the cost of reconstruction. I would not like to venture a guess as to what the new construction would average across Canada, but I would say that it would be somewhere between $60,000 and $80,000 a mile, on the average. It would not be relevant now because the routes have not been determined, but it gives hon. members an idea.

Mr. Knowles: I hope the minister will watch me closely, because I do not wish to put words in his mouth. Did I gather that only about forty per cent of this money will be spent on new highways? The minister used that figure, but I do not wish to misinterpret what he said. Nevertheless he pointed out that at the present time there is sixty per cent of hard-surfaced highway. All of us do not agree, but the implication was that we need to build only the other forty per cent. So it looks as though the proportion of that money to be used to build new highway, forty per cent of $150 million, will be matched by a similar amount by the provinces, but that is all that will be spent on new highway.

Mr. Winters: No, I would not think that would be a fair conclusion. I do not wish to be in the position of giving the house information that will not be borne out by developments. I wish to make it clear that the routes have not been established. There are undoubtedly many places where there is now hard-surfaced highway which will have to be completely rebuilt. I do not know about that. I would say a great deal of the money will be spent on new construction.

Section agreed to.

On section 5—*Contributions in respect to highways previously constructed.*

Mr. Hatfield: Will any part of the trans-Canada highway started in 1931 be accepted from the provinces as part of their share of this plan?

Mr. Winters: It might be. That is not a limiting qualification. If the provinces choose to put the trans-Canada highway over the route selected in 1931, we will not object to it. But we are not saying that they must do it.

Mr. Hatfield: Then we are going to have part a super-highway and part a super-cowpath?

Mr. McLure: Mr. Chairman, I wish to get a little information, because probably my province is somewhat differently situated. Prior to 1930 we did not have a single yard of hard-surfaced highway in our province. During the thirties the Bennett government put into effect the building of certain portions of highway in different counties of the province. These were completed and paid for by the federal government.

In 1933 the Bennett government started what is now to be called this super-highway,

and built from Borden a section of solid concrete for two and one-tenth miles. That was the beginning of what is now planned as the trans-Canada highway. This road, built of solid concrete, cost the federal government $48,000 for the two and one-tenth miles. Then, following that, in 1935 the Bennett government hard-surfaced the highway from Hunter River to Rustico, a distance of ten and a half or eleven miles, at not one cent of cost to the Prince Edward Island government.

These highways are still there. Prior to that time very few highways were built by the federal government. During wartime, however, some highways were built. The province would not be entitled to any definite payment for any that were built prior to 1935. They would not get fifty per cent of that back again, and then make a double payment.

However, the point I am making is that after 1935, and down to the present time, we have built 225 miles of hard-surfaced highway in our province. The hard-surfaced highway I mentioned, from Hunter River to Rustico, was purely a federal project, and the upkeep of it, of course, was turned over to the provincial government. All our highways built from that time—and the balance would be about 175 miles—would now come in for the fifty per cent payment from the federal government, when this bill goes through, and they begin the building of the trans-Canada highway. Am I correct in my understanding of this?

Mr. Winters: No, Mr. Chairman; the bill states quite clearly that with respect to a road already built the federal government will contribute to the cost to the province of the construction of the highway. So the amount paid by the federal government will be related to moneys expended on the highways already built by the province.

Mr. Wright: Where a grant will be made to a province for roads already constructed, is there any provision that they shall go ahead and do any further building at all on this trans-Canada highway? It seems to me that a province could conceivably, under this agreement, be paid for 500 miles of road which they have already constructed, with no obligation on their part to go ahead with any further work, or any connecting link of the trans-Canada highway. What provision is there for protection against that possibility?

Mr. Winters: There is no provision in the bill. The provinces can spend as they wish the moneys made available to them for work already carried out on the trans-Canada highway route.

[Mr. McLure.]

Mr. Wright: That seems to be a strange national highway plan, indeed, whereby we say to a province, "We will make you a grant of fifty per cent of the cost of a 500-mile highway you have already constructed in your province, with no obligation at all on your part to go ahead and complete the trans-Canada highway within your province." It seems to me this government should be protected by seeing that this plan is national in scope, and some provision should be made whereby provinces would have to co-operate at least to some extent by spending some money, themselves, to make the highway a trans-Canada highway.

Mr. Winters: The hon. member must keep in mind that some of the provinces have done more highway building than others. It would not be fair to those provinces to ignore that fact. I think the hon. member must know there is no province in Canada that will not be required to do a considerable amount of work on any route which will ultimately become the trans-Canada highway.

Mr. Wright: There does not seem to be anything in this section to bear out what the minister has just said. There is no provision that any province shall have to construct any highway. The section states simply that this government will give to the provinces a grant of fifty per cent of any moneys they have spent on a section of the road which they may desire to be part of the trans-Canada highway —and without any obligation on their part to go ahead to complete any links which may be needed to complete the trans-Canada highway. Some provision should be made to protect this government in its objective of getting a complete trans-Canada highway. Great expenditures are to be made under this legislation.

Mr. Winters: I do not think the hon. member's fear is a valid one. This is an act to encourage the construction of a trans-Canada highway and if the work in any one province has not visualized an east and west route across the province then it is most unlikely that compensation would be paid for such work.

Mr. Green: This section deals solely with construction already done on roads which may be chosen as part of the trans-Canada highway. Can the minister tell us whether there are to be any agreements between the dominion and the provinces with regard to payments to be made for construction work already done? The act provides that agreements shall be entered into between the provinces and the dominion with regard to new construction, but I should like to know whether there will be agreements covering compensation for old construction.

Mr. Winters: That will be a matter of agreement with the provinces.

Mr. Green: Has an estimate been made of the amount that will have to be paid to the provinces for old construction? One would think that in arriving at this total figure the dominion government would have made an estimate of the amount of money that will have to be paid to the provinces for the construction of roads that become part of the trans-Canada highway.

Mr. Winters: That depends entirely on the route selected.

Mr. Green: There are not a great many different routes. There are only three routes mentioned in British Columbia and one would think that the minister's officials would have made some estimate of the amount that will have to be paid to the provinces for old construction.

Mr. Winters: The officers of the department have been discussing with the provincial officials matters such as that, but until the route is determined nobody will be in position to say just what should be done.

Mr. Green: Can the minister not give us an approximate figure of what will be paid to the provinces for old construction?

Mr. Winters: No, I am sorry I cannot do so at this time.

Mr. Green: I think this is most important. Much has been said about the spending of $300 million to build a trans-Canada highway, but that is not the true picture. Any money that is paid to the provinces for old construction work need not be used for the further construction of a highway. Even if a province should spend the money that is paid to it on the trans-Canada highway, it still means that the dominion's contribution toward new work will be reduced by that amount. For example, if $50 million is paid to the ten provinces for work already done, then the dominion's contribution to new work will be only $100 million because of the ceiling provided for by the act. Therefore the total amount spent by the dominion and the provinces will be $200 million, not $300 million.

An hon. Member: No.

Mr. Green: I am referring to the money that will actually be spent on the highway from now on. There is not the slightest chance of $300 million being spent from now on to improve the highway because a large part of the money to be paid by the dominion will be paid to the provinces for old work. The total amount that will be spent on the highway during the next seven years is bound to be considerably less than $300 million because of what will be paid to the provinces for old work. I am sure the minister will agree that that statement is correct.

It is most important for us to have some idea of how much the dominion is going to pay the provinces. We will then know how much the dominion will have left of the $150 million to spend for new work. There is another fact that should be kept in mind. There is absolutely no obligation on the part of the provinces to spend on the trans-Canada highway what they receive for old construction. They can spend it on other highways, on government buildings or on anything they wish. The minister has said several times that he is not going to insist that the money paid to them shall be used only for this highway. If I am incorrect in that I wish the minister would correct me.

Mr. Sinclair: The hon. member for Vancouver-Quadra is repeating the argument he made the other day which was answered very ably by the hon. member for Vancouver South. There is no province in Canada which stands to gain more from this section than British Columbia. In the past British Columbia has tried to provide a first-class trans-provincial highway out of provincial funds. There may be other provinces which have not tried to do this. The argument of the hon. member for Vancouver-Quadra is that British Columbia should be penalized because it has been progressive in providing a first-class highway within the province which will become part of the trans-Canada highway. The cost of constructing that highway will, under the agreement to be signed, become part of the cost of constructing the trans-Canada highway.

The province of British Columbia has expended this money in the construction of a first-class road across the province and it will be very glad to have paid back to it half the cost of that highway construction which may be incorporated into the route chosen for the trans-Canada highway. I am sure that our province will immediately use these proceeds to pay its half of the work which is yet to be done. I think this is a most reasonable provision. It certainly is a provision that will be of great help to our province.

The very example used by the hon. member for Vancouver-Quadra shows how impossible it would be for the minister to answer intelligently the question he asked. The hon. member has stated that there are three routes in British Columbia and then he wants an estimate of what will be paid to the province

for the road already along the route. The hon. member knows that there is a very great deal of difference between the work already done on the Vancouver-Yellowhead route, the work done on the Vancouver-Kamloops-Kicking Horse route and the work done on the Vancouver-Crowsnest pass route. Only when the provincial government of British Columbia decides which route is going to be the route of the trans-Canada highway can any estimate be made of what has been expended in the past by the province.

As a British Columbia member I want to say that I think we in British Columbia are most fortunate in having this provision. Road building is very expensive in our province and it is only fair that the great amount of good road building which has been done by the provincial government on a trans-provincial highway, in the last ten years should be rewarded, and not penalized as it would be if payments were to start only after the agreement is signed.

Mr. Green: Fortunately I am not in the position of having to take second place to the hon. member for Coast-Capilano, or any other member from British Columbia, in my concern for my own province.

Mr. Sinclair: That is your opinion.

Mr. Green: I suggest that he and the other Liberal members from the province of British Columbia show that their first concern is to rush in to back up the government rather than to try to get some further benefit for British Columbia, and they have demonstrated that on more than one occasion.

Mr. Sinclair: I rise on a question of privilege. The hon. member for Vancouver-Quadra cannot cast aspersions upon members of the Liberal party from British Columbia. Liberal members from that province are as much concerned with its welfare as any others. I would also remind the hon. member that on the 27th of June last the people of British Columbia in great numbers showed their faith in the Liberal members, and in the policies of the Liberal party.

Mr. Green: I think a good many of the people of British Columbia have had their eyes opened since that time.

The Deputy Chairman: Is the hon. member for Burnaby-Richmond raising a point of order?

Mr. Goode: The hon. member for Vancouver-Quadra will please understand he is not speaking for the member for Burnaby-Richmond. I raise that point of order. He mentioned something about Liberal members not speaking for their province. I will speak for my province when the times comes, and any time the occasion arises.

[Mr. Sinclair.]

Mr. Green: I suggest the result of this policy may be that in the first place there will be so much money paid back to the different provinces that there will not be sufficient left in the dominion's grant to complete a first-class trans-Canada highway. I also suggest to the hon. member for Coast-Capilano that he would help his province a great deal more if, instead of getting up and saying "me too" to the proposal for a trans-Canada highway, he got up and advocated that the dominion should pay fifty per cent of the maintenance costs of the highway. In British Columbia the maintenance costs will be far higher than in any other part of Canada because of the mountainous nature of the province. Nevertheless we are to get no help whatever with the maintenance of the road. I should like to point out to the Minister of Reconstruction and Supply that the provincial government of British Columbia this spring passed an act entitled an act respecting trans-Canada highways. It is provided therein that:

> 2. The lieutenant governor in council may from time to time:
>
> (a) Either alone or in conjunction with the government of the dominion institute and carry out such measures as may from time to time be considered practicable and necessary for the construction, reconstruction, and maintenance of trans-Canada highways—
>
> Plural.
>
> —in so far as they may be within the province;
>
> (b) Enter into any agreement with the government of the dominion with respect to provision for payment of a portion of the costs incurred by the government of the province in constructing, reconstructing, and maintaining trans-Canada highways in so far as they may be within the province.

The act provides for the sum of $5 million. The minister has not yet made clear what will be done in the case of reconstruction. I believe that some of the proposed trans-Canada highway in British Columbia was washed out a day or two ago. Where such damage is done and reconstruction is necessary, under the measure now before the house will the dominion give any help, or will that be solely the responsibility of the provincial government during this period of seven years?

Mr. Sinclair: Mr. Chairman—

Mr. Green: I am not directing my question to the hon. member for Coast-Capilano. He is not an authority on the subject.

An hon. Member: You can't take it.

Mr. Green: I am asking the question of the Minister of Reconstruction and Supply.

Mr. Sinclair: I want to pursue the point further just as the hon. member for Vancouver-Quadra wanted to pursue it. I am speaking now because the hon. member for Vancouver-Quadra flung out a challenge with regard to the cost of maintenance in British Columbia. I want to tell the hon. member for Vancouver-Quadra that the government, following its election pledge, is doing just what it said it would do, that is aiding in the construction of a trans-Canada highway. It is doing it not because of the nattering and nagging of the hon. member for Vancouver-Quadra, but because of the counsel and advice of Liberal members and associations across Canada. We say that the federal government is to be complimented for stepping into a field which after all is legally—and the hon. member is a lawyer of sorts—within the jurisdiction of the provinces.

An hon. Member: Pretty weak stuff.

Mr. Green: Mr. Chairman, normally I do not mind what the hon. member for Coast-Capilano says in the course of a debate, but when he makes an insulting remark of that type, that an hon. member is a lawyer of sorts, I ask that he withdraw it.

Mr. Sinclair: Mr. Chairman, I will very gladly withdraw. Apparently he is not even a lawyer of sorts.

Mr. Green: Mr. Chairman—

The Deputy Chairman: I would ask the hon. member for Coast-Capilano to modify his remarks.

Mr. Sinclair: In deference to you, Mr. Chairman, I will modify my remarks.

Mr. Green: He has not withdrawn the remark.

The Deputy Chairman: I understand that the hon. member withdrew, and then he made an additional remark which I have just asked him to modify.

Mr. Green: He said he would modify it, but that is all he said.

Mr. Sinclair: I will not modify it; I will withdraw it. Getting back to my point, which was interrupted by the hon. member for Vancouver-Quadra, we regard this measure as a great forward step. The federal government is now entering a field, which after all is a provincial one, and is generously saying: Yes, we will provide half the cost of a trans-Canada highway out of federal funds. We have not in our party these little minds which say: Oh, yes, this is good, but if we were in power we would do more; we would also pay half the maintenance cost. Members who have been in the house for ten years know that one of the standard methods of obstruction of the Tory party on any measure is to say: Yes, but if we were in power we would do a little more. I think on June 27 the people of British Columbia, as well as the rest of Canada, gave a pretty clear indication of approval of the policies of this government, and a part of that policy was assistance in the construction of a trans-Canada highway.

Mr. St. Laurent: Mr. Chairman, could we not get back from British Columbia to the House of Commons in committee considering this bill? The purpose of the bill is to provide half the cost of a transcontinental highway. There are some provinces where there are portions of roads that may be used as a part of the transcontinental highway. It is intended that, with respect to those portions, their value as a part of the transcontinental highway will be taken into account so that the provinces may be reimbursed for a portion of what is already in existence, but not exceeding fifty per cent of its cost. There are some portions of road in the province of Quebec that may be a part of the transcontinental highway, and which are already hard surfaced. I do not think they would be up to the specifications required for the transcontinental highway. It may be that they will be worth a certain portion of what it would cost if there were nothing there, but it is only that portion that will be taken into account, and all that will be a part of the agreement with the province.

The province will determine where the highway is to go. Engineers will then determine how much has been done that is of value as a part of the highway and is up to the specifications required by the contract. For that value the governor in council will determine certain reimbursement to the provinces not exceeding fifty per cent of what it originally cost in any event. That is the scheme, and all this is to be a part of agreements with the provinces. We do not want to step into their field and tell them what they shall do or where they shall do it, but we say: If you want us to contribute to it as something that will be of national value, you have got to build it to a certain standard. If you like you can make it better than that standard, but you have got to build it to a certain standard, and it is only the portion of the cost up to that standard towards which we will make a contribution.

I do not believe we can have any estimate at this time, because a moment ago the hon. member listened to two of my good friends

from the province of Quebec. One of them wanted the highway to be built on the south shore of the St. Lawrence, and the other wanted it to be built on the north shore of the St. Lawrence. There are some roads there which would be of some use as part of a transcontinental highway, but they were not built at the same time. The widths are not the same, and the curves are not the same. Many of the portions over which I have travelled would have to be improved to bring them up to the standard that will be required in our trans-Canada highway.

Until there has been a determination of where it will be, and an examination by provincial and federal engineers to determine the worth of existing portions of the road, or what it might cost to make a new road, we cannot have any estimate of how much will be spent in that way. In any event, it cannot be more than half the original cost. That clause was put in because it was felt it should not be more than the cost, and costs are apt to be higher today than they were when some of these portions of the road were built. We put that in as the ceiling, and the rest is to be determined after investigation by the engineers of its worth as an element in the national highway.

Mr. Green: The amounts are still indeterminate. One portion will be paid to the provinces for the work they have done, and another portion of this $150 million is for new construction. The government is not in a position to say roughly how much of each there will be?

Mr. St. Laurent: The government is not in a position to say, because it will depend upon the physical examination, made by competent engineers, of the work that has already been done. It was felt that would be the only fair way of dealing with it. You could not expect the province of Nova Scotia, for example, which has a lot of good highway that was built at great cost, to enter into a contract which would disregard that. If the province of Nova Scotia still has to make some outlay, it will want the value of the highway already constructed to be taken into account in estimating what it shall receive as its fifty per cent.

Mr. Green: The cost of what has already been made may run into a good many million dollars. Does the Prime Minister not believe it will run as high as $75 million or $100 million?

Mr. St. Laurent: I do not know. I travelled from one ocean to the other, but most of it was by rail. I do not know how much good highway there is. I do know there is a good deal that has to be done if we are to have a good highway from one ocean to the other.

Mr. Green: I mean that the amount that has already been spent by the provinces on the highway may be as high as $75 million or $100 million.

Mr. St. Laurent: It will not necessarily be the amount that has been spent; that is the ceiling. The value of what has been produced may be as much as $50 million in a $300 million undertaking; I do not know. It is the value of what has already been produced that will be taken into account.

Mr. Green: Are the provinces to be paid on present values, or on the cost of the road when it was built?

Mr. St. Laurent: It must not be more than the cost, but it need not be the whole cost. I know of certain portions of highway in my province for which it would be quite unfair to pay half the cost because, as a portion of the trans-Canada highway, the value would not be anything like half of its original cost.

Mr. Green: Will the minister of reconstruction answer the question I asked a moment ago, Mr. Chairman, as to whether or not the dominion would pay half the cost of reconstructing the road if a portion should be destroyed during the seven years?

Mr. Winters: Mr. Chairman, I believe each case would have to be considered on its merits. The extent of the destruction would have to be determined. I do not know anything about the particular case the hon. member raises, but that is a point that has to be considered.

Mr. Cote (Matapedia-Matane): I thank you, Mr. Chairman, for being genial enough to recognize me on my fifth attempt to gain the floor. This is not a beauty contest between the provinces, but is a national scheme to attempt to put Canada on the map, so to speak. A Canadian cannot go from one ocean to the other unless he goes through the United States. We paid for the Alaska highway. The Tory party seems to find many difficulties in the way of building a national highway across this country of which we are going to be proud.

The Deputy Chairman: Order.

Mr. Cote (Matapedia-Matane): Just let me speak, I am not through.

The Deputy Chairman: Order. The hon. member knows that when he rises to discuss a clause—

Mr. Cote (Matapedia-Matane): If you will sit down a minute, I will take the floor.

The Deputy Chairman: Order. I should like to remind the hon. member that he must discuss clause No. 5.

Mr. Cote (Matapedia-Matane): I am about to do so. If you will sit down, I will take the floor.

The Deputy Chairman: This clause relates to contributions in respect of highways previously constructed.

Mr. Cote (Matapedia-Matane): The gentleman asked two questions of the minister. He asked how much of the $300 million would be involved in paying expenditures on highways already constructed, and how much money would be available for the reconstruction of highways. I would suggest that this is no time to discuss how much money has been spent. We do not know. We do not even know how much we are going to have to budget for in the future. In other words, we should have a balance sheet from the provinces showing the expenditures they have made towards a national highway system. Then, we should have an assessment of what it will cost to complete that highway system and turn it into a trans-Canada highway. I humbly submit that this is no time to discuss money, when we have not those figures. A declaration was made by the minister, but we do not know whether it will go beyond that or whether it will go below that. I suggest that this discussion should end there because, after all, it is not a question of determining what has been spent by the provinces, nor is it a question of determining what the federal government will contribute in the future, until that assessment and balance sheet are available.

Mr. MacInnis: I should like to say one or two words on this matter. I would remind the committee that, except for intervening on points of order, this is the only time I have spoken on this bill during the long discussion that has taken place. I did not rise to speak, for two reasons: One is that I do not know a great deal about highways, and from the discussion I believe the hon. member who preceded me said the most effective word that has been said so far, that is that we do not know. We know very little about what the cost of this highway is going to be.

Another reason for my failure to speak is that I am not in the fortunate position in which many members of the house find themselves. They have had the advantage of an education, which enables them to hide their ignorance under a plethora of words. I have not had that advantage, so when I do not know anything about a subject I have to keep quiet. I do take issue, however, with a point that was made by several speakers, including the Prime Minister, that in this bill we were undertaking to pay half the cost of a trans-Canada highway. That, in my opinion, is not correct. We are undertaking to pay half the cost of a trans-Canada highway if that highway can be built for $300 million. We are limiting our contribution to it to $150 million. It is quite possible that that amount will not complete a trans-Canada highway. In addition to that, I think that the important thing in this connection—and I do not think we should hesitate to say it—is that we have at last started on the project. Having started on it, I rather think that we shall not leave it uncompleted, no matter who may be the government when this road is finally completed. Without reflecting on the part that anyone has taken in the debate so far, I think that we could dispense with a great deal of the debate on details about which we do not know much, inasmuch as the surveys have not been made which would give us the necessary information. As I say, I think we could leave that matter alone, and in that way we would get on faster with our work.

Mr. Noseworthy: As I understand this clause, the federal government proposes to reimburse the provinces for those sections of the highway which become part of the trans-Canada highway, in accordance with their value to the trans-Canada highway. From there on the government proposes to match dollar for dollar the expenditure of the provinces for new construction. What I want to ask the minister is this. Did he discuss with the provinces or did he take into consideration the possibility that instead of turning back say $10 million to a province to reimburse it for what it has already done, the federal government should make a beginning by taking the $10 million that the province has spent and saying: Here is $10 million to match what you have spent, to be spent on the trans-Canada highway under the supervision of the federal government as provided for in the act; and when that is done, from there on we will go dollar for dollar with you up to whatever amount the government decides.

In the Ontario correspondence I notice that the Ontario government claim to have spent $50 million on what they consider is the Ontario section of the trans-Canada highway. Let us suppose that the Ontario government is to get a grant of $25 million for their part, to reimburse them for what they have done. To my mind, it would advance the cause of the trans-Canada highway much better if the federal government made available for construction and improvement of the trans-Canada highway in Ontario whatever amount they might decide was coming

to the Ontario government, under that project, and from there on go dollar for dollar with the province for new construction. Was that phase discussed or considered, or what is the minister's opinion?

Mr. Winters: That was an involved question, Mr. Chairman; I lost myself once or twice in it. I think the question was intended to find out whether or not money paid back to the provinces would be required to be applied against the completion of the highway. Was that it?

Mr. Noseworthy: My point was this. Instead of turning back $10 million or $15 million to the province in order to reimburse it, the federal government should take that money and spend it in that province on the trans-Canada highway.

Mr. Winters: The provincial government in question is free to do that, Mr. Chairman; and in fact, I would imagine that in most instances it will do just that and apply to the completion of the highway moneys that will be reimbursed to it for work already done.

Section agreed to.

On section 6—*Temporary employees.*

Mr. Green: This section provides that the employees having to do with the trans-Canada highway are to be temporary ones; at least that is the way I read the section. That seems an unusual provision to put in a bill of this sort. Can the minister explain why that is done?

Mr. Winters: The reason is that this is a project of a temporary nature. It will be one that will require terms of office of varying lengths of time. From the start to the finish the project is of seven years' duration; but the work in the various provinces will differ in length of time taken. It seems that the best way to tackle the job would be to have temporary rather than permanent employees.

Mr. Green: In effect, then, this provision is written into the act because the government expects to be right out of the trans-Canada highway business at the end of seven years?

Mr. Winters: This is a particular bill to do a particular job. Beyond that, I do not care to comment.

Section agreed to.

Section 7 agreed to.

On section 8—*National parks.*

Mr. Green: Can the minister tell us the approximate amount that will be required in the national parks to bring the roads in those parks up to the trans-Canada highway standard? They, of course, come entirely under the dominion?

Mr. Winters: No, I cannot answer that question, for two reasons. The first is that I do not know the route the highway will take. I do not like to refer back to that matter again; but the fact of the matter is that I do not.

Mr. Green: That is a good alibi.

Mr. Winters: It is not an alibi. It is a fact. The other reason is that I have not complete information on the condition of the roads through the national parks.

Section agreed to.

On section 9—*Report to parliament.*

Mr. Black (Cumberland): I should like to ask the minister when we shall get information with respect to agreements entered into with certain provinces. I am particularly interested in Nova Scotia. A great deal is being expected of us in passing this bill involving a seven-year program, contribution by the dominion of $150 million and total expenditure of $300 million. We have a minimum of information coming from Nova Scotia. I would ask the minister when the agreement that he enters into with the respective provinces will be made public or will be made available to us, and when an announcement will be made as to the designating of the routes in the respective provinces.

Mr. Winters: I should imagine that most provinces will announce their routes once an agreement has been made. With respect to the tabling of the agreements, I can say that once the agreements have been finalized and entered into I shall have no objection to tabling them.

Mr. Black (Cumberland): Any province can keep it dark. I hope the minister will not keep it dark from us.

Mr. Church: I notice that the last clause does not provide for a time limit. Is it fifteen days? Within what time is the annual report to be laid before the house? Will it include all matters in which rulings have been given accordingly under sections 8 and 9? Section 9 reads:

> The minister shall annually lay before parliament a report of all proceedings under this act for the preceding fiscal year.

It does not give a time limit. What is the time limit on this? Is it thirty days or ten days for the annual report?

Mr. Winters: As the hon. member has said, no time limit is specified in the act. I therefore would not wish to give parliament any

undertaking beyond that contained in the act, and that is that an annual report will be tabled.

Mr. Church: Will it be a full report? Will the annual report include all the rulings given under this legislation?

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

NATIONAL HOUSING ACT

AMENDMENTS PROVIDING FOR JOINT OPERATION OF HOUSING PROJECTS AND LOANS TO HOME OWNERS

The house resumed from Tuesday, November 15, consideration in committee of Bill No. 142, to amend the National Housing Act, 1944—Mr. Winters—Mr. Beaudoin in the chair.

Section 1 agreed to.

On section 2—*Terms of contract.*

Mr. Fleming: Section 2 has a number of subsections. I suggest first of all, Mr. Chairman, that you might call the subsections. If you do that I think it may contribute to the orderliness of the discussion.

I wish to make this observation, Mr. Chairman. Subsection 1 is a belated step in the right direction. I am glad to see that progress is being made, because it has always seemed unfair that, as the law stood before, a man who was trying to assist himself by helping to build his own house was in fact being penalized in comparison with the man who was perhaps not making the same effort or was not able, for one reason or another, to do so. I hope that this particular provision, along with others, will be brought into effect for that reason as soon as possible.

Mr. Johnston: There is a question or two I should like to have cleared up. When discussing this matter in the house the other day, or even prior to that, I had occasion to ask the minister some questions regarding it. These questions were answered by a return which may be found in *Votes and Proceedings*, No. 14. Among the questions asked was this one:

> Under the National Housing Act integrated housing scheme is there a regulation covering a 25 per cent holdback of the proceeds of a joint loan to the builder building for sale?

The answer was a very decided no. The answer reads as follows:

> No. However, under the 1949 integrated plan the builder is required to transfer title to Central Mortgage and Housing Corporation at the floor joist stage of construction and is required to trustee with the corporation the purchaser's deposit or down payment. When the property is completed and the builder has executed a transfer of title to the purchaser the conveyance to the corporation is then cancelled and the purchaser's down payment is paid over to the builder. Prior to release of the trusteed deposit to the builder steps are taken to ensure that he has paid all carrying charges on the property up to date of completion, including interest on advances made under the mortgage loan, taxes and fire insurance premium; otherwise the equivalent of such carrying charges are deducted from the trusteed deposit.

The point that I wish to make is this. The minister stated definitely that there was no regulation regarding the 25 per cent deposit. That is borne out to a degree by the pamphlet which was issued by the integrated housing plan. My mind goes back, Mr. Chairman, to the bill that we passed the other day on Canadian trade-marks. This integrated housing plan of the Central Mortgage and Housing Corporation appears to me to be somewhat similar to a Canadian trade-mark. Therefore when people see this pamphlet issued by a government corporation they should be able to put some reliance in it, just as they can rely on goods which have been processed and which have a Canadian trade-mark upon them.

When I look at this pamphlet I find it says: "The integrated housing plan". The pages are not numbered, therefore I cannot give a page number; but the heading says: "Release of the customary builder's holdback". Let me just mention that for a moment, Mr. Chairman. Without doubt anyone would think that there was a holdback; otherwise why the heading? The following paragraph says:

> In the case of loans made under the integrated housing plan, there is no sales' holdback. However, a sum equal to the amount specified in the Mechanics' Lien Act of the province in which the project is built is generally retained until thirty-one days after the completion of the unit.

I do not know whether the minister misunderstood what I intended when I asked the question. I asked him:

> Under the National Housing Act integrated housing scheme is there a regulation covering a 25 per cent holdback of the proceeds of a joint loan to the builder building for sale?

He might have taken that to mean at this moment, and he said "No", which would be in accordance with this little pamphlet I quoted from. According to the pamphlet it would be correct, but according to the title it would be wrong. The hon. member for Battle River asks me what the name of the pamphlet is. It is called: "The Integrated Housing Plan." It is published by the Central Mortgage and Housing Corporation, Ottawa, Canada, and the marks on it are RCM-3. The heading of the paragraph to which I referred

reads: "Release of the customary builder's holdback". My question to the minister is: Was there a regulation governing that holdback? I am putting it in the past tense now.

Mr. Winters: No, Mr. Chairman, there was no holdback of which I am aware.

Mr. Johnston: The minister is qualifying it.

Mr. Winters: I am qualifying it. I am speaking from memory now. I do not recall any holdback.

Mr. Johnston: The minister has his officials in front of him. I want to get the point definitely established because there is a contradiction. I want to know whether there was a regulation governing that 25 per cent holdback. The minister ought to be able to ascertain definitely that there was not.

Mr. Winters: The answer is no.

Mr. Johnston: I mentioned the trade-mark in which the people of Canada place their faith. I hold in my hand a pamphlet issued by a government corporation, and it gives certain information. That information is given to the prospective purchasers. Surely they ought to be able to put some reliance in the statements issued by the government. The minister says "No".

Let me read from another pamphlet. The hon. member for Battle River asks me what the name of this one is. Do not let me confuse you: the name of this one is exactly the same as the other one. It is called "The Integrated Housing Plan, Central Mortgage and Housing Corporation." This is published by the Central Mortgage and Housing Corporation, Ottawa, Canada—RCM-3. It is exactly the same book, except that this one was issued when this housing project, particularly the one in Calgary, was under construction, and at a time when a great many other projects throughout the country were under construction.

The other one is a recent publication. Let me read from this one—and, incidentally, it has the stamp on it of the parliamentary library. That was the only place I could get it. I sent to Central Mortgage and Housing for the other one, and got it; but that was not the one with which I was concerned.

Now I turn to article 7, which deals with the same thing, and I read this heading: "Release of the customary builder's holdback". It is exactly the same heading as appears in the other pamphlet. But listen to what I read now:

Under the Central Mortgage and Housing Corporation regulations—

[Mr. Johnston.]

Under the regulations, mind you—

—a proportion of the proceeds of a joint loan to a builder building for sale is withheld until the house has been sold to a satisfactory purchaser. In the case of loans made under the integrated housing plan, the holdback is released on completion of the unit.

Now, I ask the minister again: Is there a regulation covering that?

The Deputy Chairman: I would ask the hon. member what he was reading from.

Mr. Johnston: It is a little confusing, I admit. The first time I read in regard to this subject was out of a booklet entitled "The Integrated Housing Plan" issued by the Central Mortgage and Housing Corporation, Ottawa, Canada—with the identifying letters RCM-3 appearing thereon.

Mr. Blackmore: Is there a date ?

Mr. Johnston: No, no date on it. In that booklet it states very distinctly, in the heading of paragraph 7: "Release of the customary builder's holdback". Then the following paragraph goes on to describe that heading, and states that there is no holdback.

It was at that point I asked the minister if there was a holdback, or a regulation covering holdback. He told me at that time there was not. Then I took another booklet, just exactly the same heading, and issued by the same corporation. And under the same paragraph 7 the heading starts out in exactly the same way,—"Release of the customary builder's holdback". But in the paragraph following that it states definitely—well, just let me read it again so that there will be no misunderstanding—

Under the Central Mortgage and Housing Corporation regulations, a proportion of the proceeds of a joint loan to a builder building for sale is withheld until the house has been sold to a satisfactory purchaser. In the case of loans made under the integrated housing plan, the holdback is released on completion of the unit.

I want to know now from the minister if there is any regulation covering that holdback.

Mr. Winters: No, there is no regulation covering that holdback.

Mr. Johnston: Well then, can the minister tell us this: Why is this government-authorized pamphlet, issued by Central Mortgage and Housing Corporation, given out to the public? When they buy a house they see there is a regulation holding back 25 per cent for their safety. Then the government tell us there is no such regulation. What are the public going to expect? What can they expect? What security have they, when they rely upon a statement of the government, for their protection, when they buy these houses? They assume they have behind them a reliable

organization, such as the government. Then they find they are fleeced out of every cent they have got. When they try to get restitution the government says, "That's just your tough luck. There was no regulation. Although we said there was, that was just to kid you. Now there is none."

This is an exceedingly serious situation. The other day we passed legislation to place a Canadian trade-mark on goods processed in this country, so that when the people of Canada see that government stamp on it they will know they are getting something worth while. Yet, here the government put out a publication, with their stamp on it, and it does not mean a thing. In fact, it is a lie, which has been admitted by the Minister of Reconstruction and Supply.

Mr. Winters: Mr. Chairman, I think I should say I have admitted nothing of the kind.

Mr. Gillis: It is a typographical error.

Mr. Johnston: Well, then, would you tell me which of these booklets is the authentic one? Which is truthful, and which is the lie?

Mr. Winters: I would ask, if the hon. member wishes me to pursue it further, to have the booklets sent to me, at which time I shall be glad to look them over.

Mr. Johnston: I had some difficulty getting them. However, I shall be pleased to do so, if the minister will undertake to send one back to the library, where I am charged for it.

The Deputy Chairman: I would point out to the hon. member for Bow River that the more appropriate time to discuss these booklets printed under the authority of the Central Mortgage and Housing Corporation would be when the estimates of the minister are before the committee of supply. I offer that only as a suggestion, because from his reply it would appear that the minister does not have at hand all the information pertaining to these booklets. When the estimates are before the committee the officials of Central Mortgage and Housing Corporation will be here.

Today we have before us an amending bill which does not deal with the administration of the housing act. The section before the committee is somewhat limited in scope. I am not saying the hon. member has no right to discuss the two booklets, but I do suggest that since he wants all the information the more appropriate time to get it would be when the estimates are before committee of supply.

Mr. Johnston: Mr. Chairman, I have no desire at all to hold up the bill. I do wish to get the information, however, because it is exceedingly important, so far as I am concerned. I am not asking the questions out of idleness, nor do I ask them to embarrass the minister. I have a very definite purpose in mind. Perhaps I need not go further than that in my explanation. I have completed that part with respect to the leaflets.

I would now turn to an answer I received in reply to another question. I believe this would be the most appropriate time to ask it, because I do not know of any vote in the estimates under which it could be discussed—unless, of course, the administration item. While I am on this subject I have only one more question to ask—and then I shall not interfere for some time with the progress of the discussion.

Mr. MacInnis: Progress?

Mr. Johnston: It is progress in the construction of houses, in the long run, I hope. The other question I want to ask arises out of a series of questions I asked some time ago. The first question and answer were as follows:

> Under the N.H.A. integrated housing scheme is there an inspection and/or an appraisal fee of $20 permitted?
>
> Yes.

The next question and answer were as follows:

> If so, what work is to be performed in order to earn this fee?
>
> When completing an application for a National Housing Act loan the applicant agrees to pay an appraisal fee of $20 for which the lending institution makes an inspection of the site and completes an appraisal of the proposed property. The lending institution inspects the property at various stages of construction to assure that standards under the National Housing Act and the plans and specifications are being substantially followed and to determine the extent to which mortgage moneys may be advanced to the borrower.

My other questions were as follows:

> If so, what work is to be performed in order to earn this fee?
>
> Must this $20 fee apply to each individual's property?
>
> Must there be a properly written inspection and/or appraisal form made for each individual's property before this fee is chargeable?
>
> To whom is the fee payable?

If the work is performed for the $20, I have no kick, but in many cases the work is not performed and that is why I am objecting. I am not going to hesitate to name the mortgage company I have in mind because I do not want it to become confused with others which are performing what I would call a legitimate service. The Manufacturers Life has received these $20 payments and they have not raised a finger as far as inspection is concerned because there is not yet a board laid on the lots. However, they have

charged $20 as an inspection fee. They have a number of houses to build and the fee of $20 is charged in every case, whether there has been construction or not. That amount is charged on the individual mortgage. As I say, no inspection work has been done because in some cases there is only a basement. There could not possibly be any decision as to whether the plans and specifications have been followed. It looks to me like plain highway robbery. People are being fleeced out of their money and that should not be permitted.

I would rather see an inspection fee of $100 charged, provided qualified inspectors were employed and were carrying out their duties properly. I do not think that would be too much to pay to see that the houses are built according to the plans and specifications. I am not criticizing the size of the fee; I am criticizing the niggardly way in which it is earned.

As has been pointed out, it was not earned at all, it was just a clear case of stealing. It would be worth while to have a proper inspector inspect these buildings. If that were done the government would save money and so would the people. The other day the hon. member for Halton said that he did not see why the minister should be so cautious as to bring forward amendments which the whole house except the hon. member thought were worth while in order to safeguard people who are taking advantage of this National Housing Act. The hon. member referred to the little affair in Calgary which caused all the commotion, but that is not so. The conditions that exist in Calgary exist all over Canada. All the hon. member for Halton has to do is to pick up the daily newspaper and he will see that they exist right here in Ottawa.

Why? As I have said so many times, it is that the government has not competent inspectors. The whole blame right here in Ottawa can be laid to that fact. I am not critical of the $20 inspection fee. As I say, I would gladly make it $100 provided a proper inspection was made of these places. It is not too late for the minister to take that into consideration and see that these inspectors really earn their money. It would save the people of this country millions of dollars and would save the government a lot of headaches.

Has the minister an answer to my first question with regard to the twenty-five per cent holdback? He has seen the pamphlets and I am sure he agrees that I read them properly, and I should like some explanation.

[Mr. Johnston.]

Mr. Winters: I have been listening to the hon. member and I have not had an opportunity to read the pamphlets. I shall do so during the recess at six o'clock and give him more information after we resume at eight o'clock.

Mr. Fleming: Mr. Chairman, as a guidance to the committee will you state whether you are calling the subsections *seriatism,* because if you do not I am afraid we are going to become very confused. Section 2 has ten subsections which cover a wide variety of subjects, and I suggested therefore that they be called subsection by subsection.

The Deputy Chairman: I have considered the hon. member's suggestion and I have come to the conclusion that if it were agreeable to the committee we could proceed according to the titles in the margin. For instance, the title to subsection 1 is, "Terms of contract", under which you have paragraph (a) and subsection 2 and subsection 3. Then the next subsection covers additional loans by the corporation to home owners and home purchasers. If it is agreeable we can proceed in that way.

Mr. Fleming: I do not think that would cover the point. The first marginal heading covers a number of different points.

The Deputy Chairman: If the committee is agreeable we can take it subsection by subsection.

Mr. Gillis: Am I right in understanding that section 1 has been carried and we are now dealing with section 2, subsection 1?

The Deputy Chairman: That is correct.

Mr. Gillis: I should like to get some information with regard to co-operative housing, which is something new in the act.

Mr. Winters: That comes under subsection 6.

Mr. Gillis: I want to get certain information from the minister as to those cases where owners are building their own homes and obtain loans under the National Housing Act. I am particularly interested in the co-operative angle because most of the building is done on that basis in the section of the country from which I come, and will be in the future. A group secures a parcel of land, and the individual builds his own home. Under the amendments to the act I understand the government intends to allow a certain percentage of the loan for the labour put into the building of the home. At the present time a person building his own home cannot secure the percentage of the loan allotted for labour until such time as the house is completed, or the project in the case

of a co-operative. That places the group and the individual in a position where they must secure other credit.

The dealers who supply lumber and other materials in these communities are not large, and they are obliged to carry a huge volume of credit which they are not really able to handle. Can the minister tell me whether under the proposed arrangement the percentage of the loan allowed for labour can be supplied at any stage of the construction of the property instead of waiting until it is completed? It places the individual or the group in an awkward position, and also works considerable hardship on the suppliers of the necessary materials to build houses.

Mr. Winters: I gather that what the hon. member is seeking is something in the nature of an advance. There is no provision for any such arrangement under this measure.

Mr. Gillis: I am not seeking an advance at all. At the present time you lend up to eighty per cent, but in addition to that, where a person is building his own home, or a co-operative is carrying on a project, they do the building themselves, thus eliminating the labour cost. Nevertheless they cannot secure the portion of the loan granted for the labour performed until the whole thing is completed. That is what is holding them back. I do not know what the percentage is. It places the group or the individual in a position where they must secure additional credit from the suppliers of materials. When there is considerable building of that kind, it places dealers in a position where they cannot provide the necessary credit. Could some arrangement be made whereby whatever you lend to pay for the labour cost could be included in the original loan in order to enable them to carry on with the building, instead of having to wait until the thing is completed?

Mr. Winters: Under the normal arrangements of mortgage financing there is enough held back to enable the home to be completed. It is also difficult to tell how much owner-labour content is in the house before it is completed. It is a difficult thing to bring forward something within the limits of normal mortgage lending to meet the point the hon. member has in mind.

Mr. Gillis: I am not pressing it. I merely mention it because I have had letters written to me. If by saying what I have said I cause people to think about it, it may result in the act being made flexible enough to take care of that particular angle. I know that the Nova Scotia housing act works that way. It is an excellent co-operative housing act, but if the federal legislation is to supplement that kind of housing I think it should be made to conform as closely as possible with the Nova Scotia act. I know that in the section of the country from which I come housing is not a problem today for the simple reason that in the past ten or fifteen years many houses have been constructed under the Nova Scotia act. I have recently received letters on the subject from people who are getting stuck on that kind of thing, and it was suggested to me I might bring up that particular angle at this time so that those administering the act may think about it.

Mr. Winters: Of course the hon. member raises a good point. I know something about the Nova Scotia act, and I know it has worked well. Where bulk loans, if I may call them that, to co-operatives are being considered we feel there is something to be done. The technique is difficult to work out, but the corporation is working on it, and we hope we shall be able to do something in these cases.

Mr. Gauthier (Portneuf): I believe what I have to say can be said on this section, and I will say it now because I shall not be able to say it on the other sections. I want to stress the point made by the hon. member for Nipissing the other day about rural districts. In the past the housing act has not been of great help to such districts. It is all right to say that they are composed of farm owners, and on every farm there is a house, but that is not the only kind of dwelling there is in the rural communities. I have in mind my own county where there are about eight or nine parishes in which there are both farmers and industrial workers. Let me tell you, Mr. Chairman, that in those districts the Central Mortgage and Housing Corporation has not been very helpful. I do not mind writing letters to the corporation or to the minister, and I do not mind making trips every week, but the time that elapses between the first request and the refusal is enough to discourage anyone. In practice it hardly works, especially in rural districts composed of both industrial workers and farmers who want to build their own houses.

They are not helped by the Central Mortgage and Housing Corporation nor by the lending institutions, which apparently do not believe that they should give assistance in rural districts. Probably that is because they are scared they will not get their money back later on, but I think the inhabitants of rural districts are as honest as those living in the urban centres. They want to repay their loans, and I ask that they should be given

an opportunity to benefit from the new law. I think it is a great improvement, but if the minister or the government or the Central Mortgage and Housing Corporation do not give more favourable consideration to the rural districts than they have in the past there will be the same result. The act will be inoperative, and it will cause great dissatisfaction, particularly in my constituency. We cannot rely on the provincial housing law. So far as I know it has not worked at all in my county, but the people can say almost the same thing so far as the federal government housing legislation has been concerned in the past.

I would not want to have the same answer given to me in the future, and that is why I am asking the minister to give the matter careful attention. I would ask the minister to try to impress upon the lending institutions that they should give more attention to the requests made by the inhabitants of rural districts. I hope the minister will pass the word along to the central mortgage corporation, so that my people will profit from this act. Then we shall be able to tell our people that, through this law, the federal government is helping them to become proprietors.

Mr. Winters: On that point, I might say that the lending institutions lend where they wish, and do not lend where they have no desire to lend. For that reason section 31A was put in the National Housing Act to enable Central Mortgage and Housing Corporation to make a direct loan. The corporation has, in fact, gone into the field, and made a number of direct loans where lending institutions would not operate.

Mr. Gauthier (Portneuf): Do you mean under the authority of the housing act?

Mr. Winters: Yes, section 31A of the National Housing Act.

Mr. Gauthier (Portneuf): In my district there has not been much progress in that direction. The results are not very good.

Mr. Johnston: Section 2, subparagraph (1) (a) reads:

> a joint loan shall be made only to the person (in this section called the "home owner") who owns the land or is a lessee thereof under a long-term lease, and intends to occupy the house or one of the family housing units thereof, or to a builder who intends to sell the house to a person (in this section called the "home purchaser") who will own and occupy the house or one of the family housing units thereof;

When these joint loans are made to the builder who is building to sell, what control is there over that money?

Mr. Winters: The control is that the advances are made only as progress is made; that is the control over the money.

[Mr. Gauthier (Portneuf).]

Mr. Johnston: Is my understanding correct, that no amount of this mortgage money will be given out by the lending institutions, or the Central Mortgage and Housing Corporation, except as progress payments on that particular site?

Mr. Winters: That, Mr. Chairman, is correct.

Mr. Johnston: I might say that is going to be an improvement, because that is definitely not the way the lending institutions have been operating in the past.

Mr. Winters: That is the prevailing method at the moment, and has been for some time, Mr. Chairman.

Mr. Johnston: I wish to tell the minister, Mr. Chairman, that is not the way money was loaned on the Bow River construction project. People who had assumed a mortgage of $6,000—I am just speaking from memory now but I have the figures in my office—became fully responsible to the mortgage company for that amount. There was sufficient money available to complete the house, but when the company went broke the proceeds of the loan had been spent, and the only part of the house that had been built was the basement, walls and roof. The contractor had spent about $7,000 or $8,000, and was held liable for that amount. The lending institution had advanced the contractor money on the project as a whole, to complete other houses. The money from one man's mortgage went to complete another man's house, but the first man is still liable for the mortgage. If the minister is going to adopt the method he has suggested, it is not similar to the method followed in the past.

Mr. Winters: The method is the same. In certain cases I presume overadvances have been made, but that does not detract from the method I have outlined. It is the method laid down in the agreement.

Mr. Johnston: I take it, then, that the lending institution will become a trustee for that man's mortgage money until his house is completed. Is that it?

Mr. Winters: No, that is not the case.

Mr. Johnston: What else could it be? I may have used the wrong terms, but I think "trustee" would be the proper term to apply in such a case.

Mr. Winters: No, it is the normal mortgage practice to advance money against the progress of the building.

Mr. Johnston: But if the money is advanced and no progress has been made, then certainly the man who has the mortgage is in a difficult position. I would think that the lending institutions should become trustees for that

man's loan, and that no moneys should be advanced until the house has reached a certain stage. Then whatever amount is estimated as having been expended for materials would be taken out of the loan and given to the builder as a progress payment. Such a procedure might be the customary way, but it is not the way the matter has always been handled in the past. The minister may say that is an exception, and that might be true, but it is a difficult proposition for the man who is in that position.

Let me deal a little further with the loan to the builder, and the security for that loan. The government is becoming a partner in these lending institutions. Remember the building is not sold as yet, but the builder has secured a loan. He is building this house to sell. Can he just throw up that building any way he likes, or are precautions taken to ensure good buildings?

Mr. Winters: There is the inspection requirement to which the hon. member referred before.

Mr. Johnston: Excuse me if I am a little bit dense, but I do not know what you mean by the "inspection requirements".

The Deputy Chairman: Order. The hon. member for Middlesex East and the hon. member for Sudbury also wish to ask the minister questions. I think the member will agree that he has had a good share of the minister's attention during the last few minutes. Perhaps he could return later with these questions. When he does return, I would ask him to speak to the clause under discussion. I have given a good deal of latitude, but I would ask the hon. member to confine his remarks to the subclause under section 1.

Mr. Johnston: I should like to pursue this point, Mr. Chairman, but if there are others who wish to speak I have no objection to permitting them to do so.

The Deputy Chairman: If the hon. member was about to conclude his remarks, he may continue.

Mr. Johnston: I cannot say that I am, Mr. Chairman, but I do say I am relating my remarks to this particular section, which deals with the security on these loans. I am concerned about these loans. If you wish to recognize someone else, however, it is all right. The minister was about to answer my question concerning inspection.

Mr. Winters: As I understand, we are on section 2, subsection 1, which is simply a matter of changing a definition to make clear the difference between a home purchaser and a home owner. The corporation wishes to have a clarification of the act to differentiate between a man who purchases a house built for him by a builder, and a man who undertakes to build his own house. That is all this section purports to do.

Mr. Johnston: That might be, Mr. Chairman, but this section does deal with loans being made to builders. I think it is the duty of members of this committee to see that government moneys are properly protected. You will recall that there are some cases in which the government and the taxpayers of this country stand to lose some money, because there are proceedings now before the court. I think we should be cautious and see that the public moneys that we are spending are properly taken care of. That is the point I had in mind in asking this question.

A moment ago I asked the minister what precautions were taken and he said that they had inspections to safeguard the advances made. But I want to get at it in a different way. When we are lending this money to a builder, and he is starting to build a house, has the government any control over the way that house will be built; and if they have any control what is that control in order to safeguard the money which we are granting under this section?

Mr. Winters: If the hon. member wishes to discuss that matter under this section, I would say that the loans under the National Housing Act are made jointly by the government and the lending institution, it is true; but the loan is administered by the lending institution which sees to it that the advances are made as progress is made on the building of the house. It sees to it also that there is an inspection of the house.

Mr. Johnston: In order to safeguard construction of this house and in order to safeguard our investment, does the lending institution—and I use that term in the broadest sense because it includes Central Mortgage and Housing Corporation—have plans and specifications that must be followed by the builder in building this house, in order to see that the money is properly spent?

Mr. Winters: In the first place, the hon. member is not correct in grouping the government and the lending institution.

Mr. Johnston: They guarantee twenty-five per cent of the loss, do they not?

Mr. Winters: They are entirely separate in operation, and the lending institution administers the loan. There are certain minimum standards, and inspections are made to see that those minimum standards

are substantially met, as I told the hon. member before in reply to a question he placed on the order paper.

Mr. Johnston: These minimum standards must be followed by the contractor. Is that right?

Mr. Winters: That is right.

Mr. Johnston: Suppose he does not follow these minimum standards. What action would be taken? The minister told me a moment ago that they had an inspector. Probably I should add this comment. The Central Mortgage and Housing Corporation has an inspector also. That inspector inspects the loaning company. Then the loaning company has an inspector who is supposed to inspect the building, for which inspection he receives $20. That inspection of course is not always carried out. What I want to get at right now is this. On this inspection, is there anyone to see that the builder carries out the plans and specifications which are approved, not by the loaning institution but by Central Mortgage and Housing Corporation?

Mr. Winters: That is the function of the lending institution. If they feel that the house in question is not built to the minimum standards, they are free to withhold advances or they are free to cut down the amount of the loan.

Mr. Johnston: Does the Central Mortgage and Housing Corporation approve those plans and specifications?

Mr. Winters: Yes, those plans are approved, for general standards, by the Central Mortgage and Housing Corporation.

Mr. Johnston: Can they be changed without the consent of—

The Deputy Chairman: Order. I am afraid it is not realized that this is an amending bill. We are not discussing the principle of the National Housing Act but rather the amending in certain particulars of certain sections of the National Housing Act. I do not think any of this discussion we are having now is relevant to section 2 (1). I will ask the hon. member again to confine his remarks to the subclause that is under discussion.

Mr. Johnston: Where would the remarks be appropriate, Mr. Chairman?

The Deputy Chairman: The subclause was previously read by the minister, and the minister pointed out to the hon. member that the discussion was not exactly relevant. Notwithstanding these warnings, I have allowed the discussion to go on, as the hon. member will agree, for quite some time. I am quite agreeable to being patient and to giving all the latitude that is necessary; on the other hand, I must ask that the hon. member's remarks be strictly relevant to the subclause under discussion.

Mr. Johnston: Whereabouts would they be proper, Mr. Chairman?

The Deputy Chairman: I think perhaps when the estimates of the minister come before the committee.

Mr. Johnston: The Chairman says "perhaps". Would that be the place? He may not be presiding then.

The Deputy Chairman: As the hon. member knows, it is not customary for members, from their seats, to question the Chairman.

Mr. Johnston: It is merely for clarification; because you, sir, may not be Chairman at that time.

The Deputy Chairman: I suggest that the hon. member has only to read the subclause to realize for himself what is relevant and what is not.

Mr. White (Middlesex East): At this moment it is difficult to know whether the questions I wish to ask and the remarks I wish to make are going to be relevant in all cases, but I hope that you, Mr. Chairman, will be as lenient with me as you have been with other speakers.

The city of London is no different from most of the other communities in Canada; we are suffering from growing pains. One of the difficulties that I have encountered is between the Central Mortgage and Housing Corporation, the insurance company that is making the loan, the contractor and the owner or the owner-to-be. It would seem that the crux of all the difficulty is the inadequate inspection from time to time. As the purchaser of a home, because of the fact that it is a Central Mortgage and Housing Corporation project, with the government behind it, I expect that it is going to be all right. Purchasers are disappointed when they find that such is not the case.

There are some difficulties. I must admit that in London the type of housing that is being built is I think superior to that which is being built probably anywhere else in Canada, according to what I have heard. But these small difficulties occur. Possibly if better inspections were made, those difficulties would be ironed out. But when a number of complaints were given to me about these particular homes, and when I took the matter up with Central Mortgage and Housing Corporation and with the insurance company,

each of them passed the buck. They said: This was done two or three years ago, and the timber shrinks, and that is the reason that these difficulties occur.

I just want to point out what happens when a man applies for a loan for a home under the National Housing Act. I am going to read three paragraphs that are on the application and questionnaire. The first is as follows:

> Borrowers and purchasers must make their own arrangements with the builder or vendor of the house and must not assume that their interests have been or are being looked after by Central Mortgage and Housing Corporation or the lending institution making the loan.

I do not suppose that one in a dozen actually knows that paragraph is in there. Then there is another paragraph which reads as follows:

> The lending company collects from the borrower $20 for the appraisal of the property and a minimum of four (4) inspections of the house during construction. These inspections are to see that C.M.H.C. standards are complied with, and to determine when progress advances may be made on the mortgage. They do not assure a full architectural or engineering inspection to see that all details of the plans and specifications are complied with.

What is the use of hiring an inspector if he does not look after these things? The last paragraph reads:

> There have been instances in the past where borrowers and purchasers have made no contract with the builder and made no inspections of the house because they relied on the fact that they were getting "an N.H.A. house." This is a warning to borrowers and purchasers that they must make their own contract with vendors or builders and look after their own interests and inspections in the building or acquisition of a home.

That lets the lending institution, the Central Mortgage and Housing Corporation and everyone else out from under. The only man who is going to be responsible is the man who buys the house. When he moves in and finds these defects he is troubled about them. I maintain that when a man accepts a house an itemized list should be made of all the different things in the house, and then an inspection should be made and each of these items checked off so that when the man takes the house he has agreed that it is as it should be. The owner and purchaser should sign that acceptance document. If the person who is acquiring the property did that he would know where he was, and the Central Mortgage and Housing Corporation and the lending institution would be protected.

I want to say a word or two about integrated housing and prefabricated housing in London. Generally I think they are doing a good job. In fact I know of instances where from $700 to $1,000 is being saved to owners of these particular houses in London; but still these defects sometimes show up and they cause bad feeling, shall I say, between the builder, Central Mortgage and Housing Corporation, and the purchaser. One of the advantages they are finding there is a saving in taxes and insurance. Perhaps that is not possible under some other plans. I just want to mention what Central Mortgage and Housing had to say when I complained of some of these defects. One of the things I complained about was the wiring, and this is what they say:

> The electric wiring could no doubt have been improved—

I complained about the defect of switches on the stairway. They would not work both ways. If you were upstairs and wanted to turn on the light downstairs it would not work. This is the reply I got.

> The electric wiring could no doubt have been improved but it would fall into the category of a "frill" as mentioned above.

I think that is a necessity in every properly-wired house. This is their second comment:

> It is quite possible that there may be a few visible leaks in the cold air ducts, after being installed this length of time. In the process of wood drying out there might be a tendency of it pulling away from the metal duct. However, the average new home owner expects minor defects like that and usually it is no trick for a minor repair.

To say the least, I think that is a silly statement. I do not agree with it.

Then there was the question of ice forming on the steps. I complained of that. Their comment was:

> In so far as entrance steps are concerned, we considered they were adequate, and again one must consider the price at which these houses were sold.

It does not cost any more to put a cement step in right than it does to put it in wrong. When I took it up with the lending institution this is what they said:

> In spite of what is said on this form, we do our best to give reasonable consideration to any difficulties that borrowers may have.

I do not want to go into all the details, but it was just as I mentioned in the beginning, namely, passing the buck. The man has his house and nobody is going to do anything about it. There are defects there but he is stuck with it and nothing can be done. As far as humanly possible we should encourage the people to own their own homes. That is very desirable in this country. We want a country of property owners. They are the backbone of the country. Let us do all we can to foster that. The hon. member for Nipissing mentioned that in his speech a few days ago.

When speaking on the resolution stage of this bill the hon. member for Spadina made a reference to subsidized housing, and hoped that it would be brought into effect. I hold in my hand a clipping from the Montreal

Gazette of November 11, 1949. They quoted from the big green book of the Department of National Revenue, released on that day. The heading of the report is as follows: "Report shows only 540 farmers in Quebec assessed for income." The remark I want to make is that all the other farmers in the province of Quebec will be paying for subsidized housing in any city to which it is applied. I do not think that is right.

Mr. Winters: Mr. Chairman, I think perhaps I should make a statement about inspection. I appreciate the remarks of the hon. member, although I think they are considerably wide of this section; but in the circumstances we are all glad to have them. I think he would expect me to say with respect to his remark about passing the buck that the normal assumption of responsibility and the expectation that people will assume their normal responsibility is not, in my opinion, passing the buck. It seems to me, though, that there has been a great tendency for people to expect some departure from the normal relationship between the purchaser of a house and the builder of that house or the mortgagee, whichever the case may be; and if that relationship does not obtain in all respects the first recourse is to the government. Then, if the government does not come in and bail out the home owner, the immediate charge is one of passing the buck.

This is quite a long statement on the inspection procedure, but in view of the fact that the point has been raised I think I should read it.

For the most part loans under the National Housing Act are made jointly by approved lending institutions and Central Mortgage and Housing Corporation. The arrangement between the lending institution and the corporation is set down in an agreement between them which deals with the administration of the loan, both during the process of construction and thereafter during the period of repayment. The lending institution takes charge of the administration of the loan and the agreement provides that during the period of construction the lending institution shall inspect the house as often as will reasonably ensure that the owner or builder is properly and faithfully carrying out a work of construction in accordance with the plans and specifications approved by Central Mortgage and Housing Corporation. The agreement specifies that such inspections shall, in any event, be not less frequent than:

(a) once at or before the laying of the footings,

(b) once at or before the time when the roof is completed,

[Mr. White (Middlesex East).]

(c) once prior to the process of lathing or its equivalent, and

(d) once on completion of the house.

In addition to the above-mentioned inspections the agreement provides that the corporation may make additional inspections, and the corporation in fact does, from time to time, follow through on inspections of houses which are being financed jointly under the National Housing Act for the purpose of seeing that the terms of the operating agreement are being fulfilled.

I should like to make it clear that in the matter of inspections no attempt is being made to shift responsibility from the corporation to the lending institution or vice versa. The government feels that the inspections which are made are not intended to provide full architectural inspections and supervision. The borrower pays $20 for the appraisal of his lot and the inspections which are made. A full architectural inspection and supervision of the house would normally cost not less than $150.

We have endeavoured to make our position clear to borrowers under the National Housing Act, and have printed on the questionnaire, which is the first document that a prospective home owner sees, and the sales form, which is the first document that a prospective purchaser sees, a warning which deals with the corporation's position regarding inspections. For the information of hon. members I should like to read the warning as it appears on the documents I have mentioned:

IMPORTANT

Warning to Borrowers or Purchasers

Borrowers and purchasers must make their own arrangements with the builder or vendor of the house and must not assume that their interests have been or are being looked after by Central Mortgage and Housing Corporation or the lending institution making the loan.

That is the same section as was read by the hon. member for Middlesex East.

In the case of a purchaser of a completed house, the purchaser must satisfy himself that the house is up to the standard that he thinks he is getting.

In the case of a purchaser of a house under construction, the purchaser must himself see that the portion built is up to the standard he thinks he is getting, and that the remainder of the house is completed as arranged between him and the builder.

Borrowers likewise must make their own arrangement with a contractor and see that the house is built according to the plans and specifications which have been agreed upon between the borrower and the contractor.

The lending company collects from the borrower $20 for the appraisal of the property and a minimum of four inspections of the house during construction. These inspections are to see that C.M.H.C. standards are complied with, and to determine when progress advances may be made on the

mortgage. They do not assure a full architectural or engineering inspection to see that all details of the plans and specifications are complied with.

There have been instances in the past where borrowers and purchasers have made no contract with the builder and made no inspections of the house because they relied on the fact that they were getting an N.H.A. house. This is a warning to borrowers and purchasers that they must make their own contract with vendors or builders and look after their own interests and inspections in the building or acquisition of a home.

The National Housing Act is designed to provide credit to assist prospective home owners in acquiring their homes, credit which cannot be obtained through normal commercial channels. The interest rate is lower than the prevailing rate and the terms of repayment of the loan are much more favourable than those normally given. To add the responsibility of making complete architectural inspections upon the lenders would impose a burden almost impossible to discharge, and most certainly would increase the over-all cost to the borrower resulting from the discharge of such responsibility.

As hon. members know, since 1935, joint loans have accounted for approximately 100,000 units. This has meant 400,000 inspections at least so far. In the year 1949 there are being built under the National Housing Act at least 30,000 units, calling for 120,000 inspections.

It seems to me that we can go no further on the inspections than we do at the present time and at the same time take all steps possible to inform borrowers of their responsibilities and ours in connection with this problem.

Mr. Gauthier (Sudbury): I should like to compliment the minister and his officials upon this section in the bill, namely the one referring to home owners. This very day I received a letter from the minister as a result of my drawing his attention to a certain case in Capreol concerning a man earning $3,800 a year, who had applied to all the lending institutions in the country and could not get a loan to build his own home. This man is certainly in a position to be a home owner in Canada.

I believe the section before us will take care of a matter of that kind. I do not like situations such as that of the man in Capreol who had to go 150 miles to get help with his house. Sudbury is one of the most thriving cities in Ontario. It is sixth largest in the province; yet there is no office of Central Mortgage and Housing Corporation there. Despite this, we find them in many smaller centres of Ontario where I should think they would not be as necessary as they are in Sudbury.

In Sudbury we have I believe the largest payroll for individual men of any city in Canada. Many of our men are earning from $300 to $400 a month. These people want to become home owners in Sudbury, and they have no way of finding out how they can get those homes. They are refused the help of lending institutions—why, I cannot say. This is more serious than one might think. I am one who was refused the help of a lending institution. I am also one who is paying monthly to the national housing administration in Canada for my own home. But I was refused my home until such time as I refused to take "No" for an answer from these big financiers. I came to Ottawa and discussed my problem with the officials here. The man who was in charge of the national housing administration in 1938 told me that if those lending institutions did not accept my application they would not receive any more applications from anybody else. He believed I was certainly one who could comply with the regulations surrounding the buying of a home in my town of Sudbury.

Next morning upon my return to Sudbury the representative of the lending institution was waiting for me, with a taxi, at the station, to take me home, and to tell me that I was going to be given a loan. He did not have to do that, because I had already been told that the day before in Ottawa.

This goes to show that these lending institutions are not serving the purpose and the spirit of national housing in this country. They are taking the cream of the loans in all sections. Furthermore, I would add that they zone certain sections of the city because they have streets in these localities in which they own real estate; and if you do not build a home in that section you cannot get a loan through these people.

I do not think Central Mortgage and Housing Corporation should or will stand for any of this. Let me say to the minister now that the sooner his department establishes an office in Sudbury, the better. In three or four months they will have no regrets for having done so, because there are many people there who are able to come within the regulations and build their own homes.

Mr. Catherwood: Mr. Chairman, I shall try to confine my brief remarks to this section of the bill. May I associate myself with others in thanking the Minister of Reconstruction and Supply for having brought this bill before the House of Commons. It is a step in the right direction, and I believe it will accelerate the building of homes throughout Canada.

One angle of the bill, however, I think will not work out as satisfactorily as might be hoped. I refer to its application to the smaller

towns and villages throughout Canada. Under the old act we could negotiate an additional loan up to $1,250 as a second mortgage. That, of course, is not possible under the new. All hon. members realize that the lending value depends upon different factors in different sections of the country. The rental value of a property may depend upon the amount of money a wage-earner makes, and also upon other factors. The lending value in the small towns and villages is not as great as the lending value in the cities. As we all know, the basic loan is 80 per cent of the lending value and consequently people in the towns and villages are not going to be able to secure as much money by way of loans.

Apparently the lending institutions are not willing to go out from the cities in order to negotiate loans in the small urban centres. The reason is quite apparent. The cost of inspecting and supervision of a property 50 or 60 miles away from the office of the lending institution is considerable. But this is something that could be overcome. I believe the minister has a humanitarian feeling for the people across Canada. The housing situation in the cities is quite acute but I think at times that is over-emphasized. There is a housing shortage in the towns and villages where a large proportion of our population reside.

As the hon. member for Eglinton told us the other night, this is a social problem of great magnitude. As he said, this should be a pilgrimage to a happy land. I am quite sure the Minister of Reconstruction and Supply will take this matter into consideration. I think it was the hon. member for Lambton West who stated the other evening that the interest rate on loans should be reduced to three and a half per cent. I am sure the minister will take that into consideration also. So if by sound legislation we can remove every obstruction and impediment that will interfere with the construction of homes for our people, we will win the acclaim of our citizens from sea to sea and justify by this action alone the sittings of the house for this fall session.

Mr. Herridge: Mr. Chairman, I should like to support the remarks of the two previous speakers with respect to the service given by the lending institutions to the small towns and villages.

Mr. Winters: These remarks have nothing to do with this particular subsection. If we are going to get into a general discussion we should revert to the proper section. We are now on section 2, subsection 1.

Subsection 1 agreed to.

[Mr. Catherwood.]

On subsection 2.

Mr. Fleming: There are two phases to this subsection, one having to do with the percentage and the other having to do with the lending value.

So far as percentage is concerned I can understand that a flat rate of 80 per cent has the virtue of simplicity, but I do not think that is what dictated this amendment. I fancy the reason the government is proposing to depart from the present standards of 95 per cent for the first $2,000 of lending value, 85 per cent for the next $2,000, and 70 per cent for everything above that is that houses in the low-price range are not being built today. I should like to ask the minister if calculations have been made to indicate how the 80 per cent will compare with the present basis of granting loans. My impression is that it will work out just about the same, but perhaps the minister has some figures on that point.

I turn now to the question of lending value which in many respects is a vital matter. There is not much use our preparing great plans to help house construction if we are going to write down the lending value. Lending value is defined in subsection 23 of section 2 of the act as follows:

> "Lending value" means the estimated cost of construction or cost of conversion, or the appraised value, whichever is less, of a house or housing project.

In other words, in the case of a new house, "lending value" as defined by the act is the estimated cost of construction or the appraised value, whichever is less. I have said before, and I repeat, that the interpretation which has been placed upon lending value in the administration of this act has subtracted greatly from the intended effectiveness of the act. We know perfectly well that the definition put upon lending value by those responsible for the administration of this act has not borne a direct relationship to the cost of construction today.

This is not the first time this matter has been discussed. The minister's predecessor was pressed on this matter more than once, and his answer was that there would not be any departure from the practice of Central Mortgage and Housing Corporation, that they were not going to measure lending value in terms of the cost of construction. While building costs have been steadily mounting during the lifetime of this act, lending value as interpreted by those responsible for administering the act has not risen proportionately.

I think that those responsible for administering the act have been putting too much emphasis upon the fear of inflation in housing values. They have been more bent upon avoiding loss in connection with lending operations than they have been on making this section fruitful in the construction of new homes. The administration can reduce the effectiveness of the act if they are not going to measure the lending value in terms of modern costs of construction. I say that there should be a more sympathetic interpretation of lending value in the future than there has been in the past; otherwise we are going to see much of the effectiveness of this act taken from it by those responsible for the administration.

I think the minister is prepared to concede that costs of production have been rising, although they have reached some measure of stabilization in recent months, and those responsible for administering the act should be ready to abandon this fear of inflation which has apparently beset them in the past. I urge upon the minister a change of heart and a change of emphasis in connection with this matter.

There are many people who have good reason to complain that they have received less by way of mortgage loan under this act than parliament intended they should receive. I think the reason for that has been unsympathetic administration. I ask the minister to make up his mind and perhaps give the committee assurance that from now on lending value is going to have a direct relationship to the cost of construction and not to some fictitious figure which has the effect of writing down the lending value.

Mr. Winters: With much of what the hon. member has said I agree. He has said that a certain attitude with respect to lending value has been taken by those administering the act. He thought that the administration in some respects was throttling the intent of the act. In fairness to the Central Mortgage and Housing Corporation, I think I should say that the government has at all times been informed by the corporation of these matters of administration, and they have carried the judgment of the government. I feel the time has come for some revision of the attitude towards lending values, and in that I am in entire agreement with what the hon. member has said.

Mr. Noseworthy: Does Central Mortgage and Housing Corporation determine the lending value of the property, or is it the company that lends the money?

Mr. Winters: They are joint loans, and the decision is a joint decision, but the lending institution predominates in the loan, and it would have the greater voice in the decision.

Mr. Noseworthy: Would it not have practically the controlling voice? Is it not true that the lending company decides whether it will lend anything, and how much it will lend, regardless of what the Central Mortgage and Housing Corporation has to say?

Mr. Winters: In agreements and arrangements between the lending institution and the Central Mortgage and Housing Corporation there is no point of difference with respect to that problem.

Mr. Fleming: Will the minister be kind enough to deal with the first point I raised? I asked a question about how the 80 per cent is going to compare in the future with the way the blended percentages have worked out up to the present time.

Mr. Winters: The 80 per cent will be approximately equivalent to the average loan under the present arrangement, and the extra one-sixth under the new arrangement will have the effect of reducing the amount of the down payment required by approximately one-half.

Subsection agreed to.

On subsection 3.

Mr. Fleming: I do not think anyone will object to increasing the period in question to thirty years provided at least two conditions are present. One is sound methods of construction and the other point is one on which I now ask assurance that it will not be overlooked. The section as it stands now contemplates that there shall be protection of the area by community planning and appropriate zoning restrictions. No reference is made to that healthy safeguard in the proposed amended form of the subsection. It may be unnecessary, but I would ask the minister for his explicit assurance that that necessary form of protection is not going to be overlooked, and that due emphasis will be placed upon protection by means of community planning and proper zoning restrictions.

Mr. Winters: As the hon. member has said, subsection 3 of section 2 may give the appearance that we are abandoning the principle of the desirability of community planning and zoning. This is far from the case because in the ordinary operations of loans under the National Housing Act the areas in which loans are made are limited to those which are

stable and have every possibility of remaining good residential neighbourhoods during the term of the loan.

The limitation now contained in the act, that loans for a term exceeding twenty-five years but not in excess of thirty years shall be limited to areas protected by community planning and appropriate zoning restrictions, presents administrative difficulties. With higher costs of construction and the larger loans provided in the amendments, it is likely that longer terms of amortization will require that the debt service on the larger loans be kept within a reasonable percentage of the owner's income. Debt service includes principal, interest and taxes. Generally the corporation is unwilling to approve an individual as a satisfactory home owner where the debt service exceeds 23 per cent of the owner's income.

There are a number of communities which are quite satisfactory from the residential point of view in which there is no approved community plan. The practicalities of the situation are that in some cases in these communities a thirty-year amortization is required. Provided that there are adequate zoning restrictions and the location is satisfactory, there is no reason why loans on a thirty-year basis should not be made. I question the advisability at this time of using the limitation to a shorter term of amortization as a method to force municipalities to approve a community plan. There are more effective ways of achieving this end without imposing a hardship upon individuals whose circumstances make a thirty-year loan desirable.

I may say that in considering applications for loans under the National Housing Act an area rating is considered. The basis of this rating takes into account all features relating to the community. If the rating is high there is no reluctance in proceeding with a thirty-year amortization. If, however, the rating is low, amortization will be restricted to fifteen or twenty years. In principle we believe that the community planning restriction has much merit. From a practical point of view, however, we believe that administrative procedures can better achieve the purposes of the present limitation.

Mr. MacInnis: I should like to point out that what has just been said raises one of the serious objections to the National Housing Act. It limits loans to people with relatively high incomes and stability of occupation or work. The kind of housing that is most needed is that for people who have not high incomes, and who have not any great assurance of continued work. Where loans are made it is usually in a high-class district in the community. In our cities there are numerous working class districts, as they are termed, and it is impossible for people living there to get a loan under the National Housing Act, no matter how good the character of the individual. Steadiness of employment, even if the wage is not high, should be a factor in obtaining a loan under the act, but I do not think that applies at all unless there is an assurance of a certain level of income. As a matter of fact, the National Housing Act as it has been operated up till now helps those to build homes who most likely could do so without the National Housing Act at all.

Mr. Winters: Just before six o'clock I think I should say that one of the greatest limiting factors in the areas the hon. member for Vancouver East has just mentioned is the unavailability of land. I would say to him, however, on a more encouraging note, that the dominion-provincial arrangements contemplate scope for operation in those fields.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

SECOND READINGS

Bill No. 177, for the relief of Shirley Patricia Susan Oakes Rowlands.—Mr. Winkler.

Bill No. 178, for the relief of Margaret Adeline Bodley Cabana.—Mr. Winkler.

Bill No. 179, for the relief of Mary Letinetsky Nemeroff.—Mr. Winkler.

Bill No. 180, for the relief of Norah Helen Jarrett McCaffrey.—Mr. Weir.

Bill No. 181, for the relief of Elizabeth Karaszi Bergeron.—Mr. Winkler.

Bill No. 182, for the relief of John Albert Roberts.—Mr. Winkler.

Bill No. 183, for the relief of Leslie Ernest Tulett.—Mr. Winkler.

Bill No. 184, for the relief of Ernest Tonegawa.—Mr. Winkler.

Bill No. 186, for the relief of Rene Walsh.—Mr. Winkler.

Bill No. 187, for the relief of Sara Tepper Prupas.—Mr. Winkler.

Bill No. 188, for the relief of Joseph Wilfred Melanson.—Mr. Winkler.

Bill No. 189, for the relief of Muriel Johnson Binnie Keates.—Mr. Winkler.

Bill No. 190, for the relief of William Campbell James Meredith.—Mr. Winkler.

Bill No. 191, for the relief of Lillian Steinberg Heitner.—Mr. Winkler.

Bill No. 192, for the relief of Clayton George Allison.—Mr. Winkler.

Bill No. 193, for the relief of Louis Kasper.—Mr. Weir.

Bill No. 196, for the relief of Arthur Colpron.—Mr. Winkler.

Bill No. 197, for the relief of Berengere Pare Fuller.—Mr. Winkler.

Bill No. 198, for the relief of Enid Dorothy MacRae Gauley.—Mr. Winkler.

Bill No. 201, for the relief of Guy Merrill Desaulniers.—Mr. Winkler.

Bill No. 202, for the relief of Margaret May Lester Rajotte.—Mr. Winkler.

Bill No. 203, for the relief of Odette Therese Gabard Coupal.—Mr. Winkler.

Bill No. 204, for the relief of Ella Maxine Shover Logan.—Mr. Winkler.

Bill No. 205, for the relief of Bernard Rivet.—Mr. Winkler.

Bill No. 206, for the relief of Phyllis Elizabeth Campbell Westover.—Mr. Winkler.

Bill No. 207, for the relief of Mildred Blanche Tilson Bell.—Mr. Winkler.

Bill No. 208, for the relief of Ruby Anderson Edwards.—Mr. Winkler.

Bill No. 209, for the relief of Vera Marguerite Abraham Allen Richey.—Mr. Winkler.

PRAIRIE TRANSMISSION LINES LIMITED

The house resumed from Tuesday, November 22, consideration of the motion of Mr. Benidickson for the second reading of Bill No. 119, to incorporate Prairie Transmission Lines Limited, and the amendment thereto of Mr. MacInnis.

Mr. A. L. Smith (Calgary West): Mr. Speaker, when one of these bills was last before us, I made a number of references to what the legal position was. In this House of Commons, we have gone on the assumption that a statement made by the Prime Minister that the export of gas in Alberta was purely a matter for the provincial government was true; but with great respect and deference, I have ventured to disagree. For a moment I should like to speak about the statements that have been loosely made, not only loosely made but falsely made if they included myself, to the effect that I was taking part in a filibuster. My immediate answer to that is that—I see some amusement registered by the member for Leeds (Mr. Fulford). I think he should stay with his cheese production, and not stick his nose into things he knows nothing about. The fact is that I made a speech on the other bill, and tonight I am making a speech on this one. That will be the end of my efforts, irrespective of amendments or anything of that kind.

In my own favour, I think I may safely say that that can scarcely be called a filibuster; particularly when the gas we are talking about originates in the province in which I have lived for over forty years, and I am really interested in what happens to that gas.

The hon. Minister of Fisheries (Mr. Mayhew) made a speech on one of these bills. He is not only the hon. Minister of Fisheries, he is one of my oldest, closest and best-regarded friends. He made some reference to statements which I had made, and suggested that I did not know what I was talking about. He began by saying that I referred to only one pipe line, and I quote his words as they appear at page 2019 of *Hansard*:

> Then he went on to say that this pipe line should be built on Canadian soil. I think he should be asked to give us his authority for making such a definite statement to the house.

I made that statement, and now I give my authority. I begin by giving you, Mr. Speaker, a statement made by Mr. Dixon in the evidence given before the Senate on one of these bills. I am afraid I must confuse these bills to some extent, but the principle is exactly the same. This is the man behind the other bill, and at page F-3 he said this in answer to a question by Hon. Mr. MacKinnon:

> No, that would be utterly impossible. You could not finance the line. This is the way it will have to be regulated. We shall make contracts to sell gas in Vancouver, Seattle and Portland, and we shall have to have sufficient gas for the entire market or the line will not be financed. If the gas should play out, which is inconceivable, Vancouver would naturally get the last gas.

I read that slowly and quietly to you, because those are the words of the man almost entirely responsible for that bill. The member for Calgary East (Mr. Harkness), when this particular bill was before the house, read a statement—required by statute—from the newspapers in Calgary, which said definitely the route was through Kingsgate into the United States, on to those American cities and then to Vancouver at the tail end of the line. Now, Mr. Speaker and hon. members, I am not going to abuse any company. I pause to make this statement with respect to the bill we passed last session. I think we acted like schoolboys. We did not make a proper examination of that bill, and my responsibility is the same as that of the other members in this house. May I say that if the board of transport commissioners, before whom that company is now, imposes a condition that the line be built on Canadian soil I shall welcome it. I do not want to leave any doubt in anyone's mind as to why I am adopting the position I am.

Then, in further support of my answer to the statement made by the hon. Minister

of Fisheries, that they wanted to allow the prospective company's lines through to Vancouver—it was three lines, I think—

Mr. Mayhew: No, I mentioned two.

Mr. Smith (Calgary West): —two gas lines, I read the statement of Mr. Connolly, who is a king's counsel, and who appeared before a Senate committee. At page C-5 he said this:

> It is necessary to include the United States market because the limited market available in Canada would not, in itself, support the cost of a pipe line from any of the known Canadian natural gas fields to Vancouver.

I have quoted to you statements made by spokesmen of both these corporations, who were speaking with full authority. They demonstrate that there will be no gas line except one which will take care of this whole market. There can be no doubt of that. In that testimony, there is a good deal of evidence as to the quantities which will be required over a twenty-five-year period. It amounts to so many trillions of cubic feet that it staggers me. I notice something which I thought amusing in the evidence given before the committee, and that is that in London a trillion is a million million, while in New York it is a hundred thousand million. In other words, the word "trillion" has two definitions in the mathematics of those two countries. When the committee was finished, it did not appear to be definite whether they were using the London measurement or the New York measurement. So I leave that because the Minister of Lands and Mines in Alberta, Mr. Tanner, made a statement the other day which we have all read. He said that there would be no export of gas from Alberta unless the supply in Alberta were assured for fifty years. That is quite a statement to make, but what does it mean? Frankly, in my judgment, it does not mean much. Who is to prognosticate the progress in that province and who, therefore, can do any more than guess how many trillions of feet we need to have now, using either measurement, to take care of that province for the next fifty years?

The minister asked me where I got my authority for that statement. I have quoted to him the top officers of one of these companies. Then may I say to him that I have further authority, and I do not mean second-hand information. I have authority from the firm of Ford, Bacon and Davis of New York city, the largest engineering firm in the world, who told me it was utterly silly to think of more than one pipe line to this one market from the oil fields of Alberta. I will not mention the gentleman's name but I saw him some little time ago in the hotel in which I think the minister and I are both living. If he wants further authority, I will give him privately the name of a man who stands all by himself in North America as a gas engineer. He assured me of the same thing. If that is not enough, I want to give him the names of two prominent senators who certainly are not of my political persuasion. One is Senator Farris.

Mr. Howe: Order.

Mr. Smith (Calgary West): The other is Senator Turgeon. Am I out of order, Mr. Speaker? If I am, I will stop; but I did not think that I was. May I say to the Minister of Trade and Commerce (Mr. Howe) that I was merely answering a question put to me by his colleague, the Minister of Fisheries (Mr. Mayhew). I hope there will not be another cabinet split over that. Let us try to get along without that necessity.

The hon. member went on and gave us these routes. Then he said that they should follow the routes taken by the Canadian National Railways and the Great Northern Railway. Into this I have also made some inquiry, but I want to ask my good friend the Minister of Fisheries a question. In the mountain section all railways run through tunnels. They run through tunnels only because there is no overland route. In their evidence before the Senate, these people say that they expect to carry this gas at a pressure of 750 pounds as opposed to the pressure at sea level which we all know is fifteen pounds. I should like to ask the minister how he would like to travel through a tunnel on a train knowing that he has a 24-inch gas line underneath him carrying gas at a pressure of 750 pounds. Connaught tunnel is five miles long. This is on the C.P.R. One can just imagine what would happen to the minister and the rest of the train if there was some accident with respect to the gas carried at a pressure of 750 pounds through these tunnels which are on all these railways. It is not a matter of the C.P.R. or anything like that.

Mr. Rowe: There is nearly that much pressure under the minister now.

Mr. Smith (Calgary West): The hon. member suggests there is that much pressure under him now. I think there is more than that on him, not under. Then the minister said:

> As Canadians we should be supplied first with the gas we need and then, just the same as with anything else, we should export our surplus. If we have a surplus of gas and oil then I say we have every right to export it unless we want to build a fence around ourselves and become isolated from everybody else.

In that statement let me compliment the minister. He has put the truth simply and forcefully and much better than I might ever do it myself. Then he went on and, speaking of me, he said:

> I should like to tell the hon. member for Calgary West (Mr. Smith) that, when the first oil field was drilled in the province of Alberta, when people thought it was a wild gamble and there was no oil in the Turner valley, some of my money was invested in that project taking a long chance.

I think the minister will admit that he did it, as I will admit that I did it; and how many thousand other suckers, including myself, were pinched in on that particular occasion? I am sure he will remember this incident, because he was in Calgary then. The name of the company I have forgotten, but it was operated by a fellow by the name of Buck. I think the Minister of Fisheries was probably in that show too.

Mr. Mayhew: No, I was not.

Mr. Smith (Calgary West): The minister was smarter than I was.

Mr. Howe: Black Diamond.

Mr. Smith (Calgary West): I remember that show well. There was some gas in this hole. A number of us enthusiasts went down there. Buck had salted the well with machine oil. There is no doubt about that. So enthusiastic were we that we—I even in my Sunday clothes—stood under it, stunk like a skunk and had this stuff poured all over us. We thought Mr. Buck had a big well. I am glad the Minister of Fisheries was not in there. But I gather that the Minister of Trade and Commerce might have had a share or two.

I think I have finished dealing with the speech of the minister. He mentioned, as other people have, the word "monopoly". In the first speech I made in connection with this matter I too said there could be, economically, only one 24-inch or 26-inch pipe line. In his evidence, Mr. Dixon admits that it must be at least a 26-inch pipe line. In the carriage of gas, if you have a 12-inch line it will carry so much; and if you have a 24-inch line it carries five times as much. In other words, you just cannot say 4, 8, 12, 16, 24 inches and so on. You must remember that the gas takes in the whole circumference of the pipe, and a 24-inch line will carry five times as much gas as a 12-inch line will carry.

What is our position out there with respect to gas? I have read the telegram. I am anxious that my Social Credit friends should know this. I have read the telegram from Mr. Manning. I have read the statement made the other day by Mr. Tanner, the minister of lands and mines. Both of those gentlemen are fine and able men. What have they said? They have said that they have a policy of Albertans first, Canadians second and other people third. These are their priorities. In my judgment nobody in the world, at least none of us who come from there, would dare dispute that simple statement. But Mr. Manning did say that he was not opposed to the incorporation of other companies, thereby having a better chance for bids to do this particular job. Neither will I dispute that.

We have before us two applications. The Minister of Trade and Commerce (Mr. Howe) is a great authority on these matters. The other night I heard him say—and I am sure he meant it—that he controlled the export of gas beyond Canada. I agreed with him; I still agree. But to be realistic we must know that when this tremendous amount of money has been spent we have a situation confronting us that means something. One gas line company frankly admits that in the event of a breakdown or a shortage Vancouver will be at the end of the line and will suffer first because of the contracts they will have made with the northwestern United States and clearly and most important with the cities of Seattle and Portland. Now, Mr. Speaker, I want to pause here because I am leaving the filibuster business out. I want to pause and ask hon. members this question: Do they want that, if the main scheme can be accomplished in some other way?

I have read the evidence very carefully. We know that we have been told that five lines were looked at by one company. We have been told by Mr. Dixon that to build a line on Canadian soil, that is just north of the border, would cost $20 million more than if it crosses at Kingsgate, runs through the United States and turns up with the last bit of gas to Vancouver. I wonder, sir, whether hon. members will not pause and consider. Is it not more worth while that Mr. Dixon, a man from New York, described as an engineer and geologist, and I am sure he is, should build a line through Canada? Is it not much more important to us that Canadians should have the advantage of that line rather than save Mr. Dixon $20 million? The sum of $20 million is not a great deal in a $125 million proposition. Roughly that is to be the cost of this project. So far as I am concerned—I do not go to Vancouver often because it rains out there all the time—I do not care how much it costs Mr. Dixon, but I do care about Vancouver being on the front end of this pipe line and not on the tail end of it. That, Mr. Speaker, is the simple problem that hon. members have to decide when this comes to a vote, and I have already promised that I shall not further hinder that vote after I have concluded my remarks this evening.

What is the position? I am trying to bring this thing down to what we are going to vote on, because we shall vote on it some day. I am going to tell the house this because I am anxious to justify myself completely in regard to the attitude I have taken on these bills. I begin by saying, suppose someone came here and asked for a charter to build a railway and did not tell us where the railway was to go. He would be laughed out of the House of Commons. I do not think I shall hear a voice dissenting from that statement. If hon. gentlemen have not seen the last issue of *Fortune* magazine I would ask them to take a look at some of the maps in it showing the underlying gas lines in the United States. If they do so they will see that they are infinitely more plentiful in certain areas than are railroads. The underground pipe lines of the United States, both gas and oil, have a far greater mileage than all the railways in the United States. The last issue of *Fortune* may be procured in the library. I had it for only a minute or two. It shows the tremendous development. In other words, the development of gas as a fuel is far ahead of coal or of fuel oil. The curves on the graphs in this magazine show that the price of gas is infinitely more on a level line than either of the other two, which are going up. Those of you who burn oil and coal even in your houses will know the truth of what I speak. It would be very interesting for hon. members to look at *Fortune* magazine to see the expansion of the pipe line business, which has now become a major business in the United States. It will become so in this country.

I am not one of those who believe that in Alberta we have all the gas in Canada. I am certain we have not. I know that in the Peace river area, particularly of British Columbia, they have lots of gas. Incidentally, within the last ten days in that country, the Pacific Petroleum Company—I do not mind mentioning their name—have brought in two excellent gas wells across the British Columbia border. I think they are in the constituency of the hon. member for Cariboo (Mr. Murray). I may be wrong about that. I am anxious that we should not fail to give this matter proper consideration. Let us have some facts with respect to the whole problem, because we are only on the doorstep of the development of the oil and gas industry in Canada.

We come now to what I think is our real problem, and in my judgment our only problem. The other night I mentioned what a tremendously useful purpose this line would serve in northern Alberta and in northern British Columbia. At the moment these areas are undeveloped. Let me put it this way. The development could be infinitely greater if they had some form of energy such as natural gas. I am not insisting on that route or that company or on any other company, but I am saying—and perhaps this is what we shall vote on—that we are going to vote on whether this is or is not a Canadian line. I for one will oppose anything which is not a Canadian line.

I pause to take up the answers to that question. The answers so far given are that we have the board of transport commissioners. We have the province of Alberta with certain authority, and they will not permit this or that because they have announced as a policy Albertans first, Canadians second and other people third in priority.

What are we doing here? We saw fit to pass—and everybody has agreed with that—a Pipe Lines Act. The principal provision of that act is that people going to do that must procure their charter by private act of this parliament. But for that, anybody could go to the Secretary of State and get letters patent with a big red seal, and green ribbons hanging down from it, permitting him to incorporate a company of any description—the only exception being that the company be not incorporated for illegal purposes. In other words, you could not incorporate a gambling club, as such. But for any other divisions of human activity you can get incorporation from the dominion government, simply by procuring letters patent.

We saw fit to change all that. We saw fit to say that in connection with a gas line they must come to the House of Commons. Why did we do that? We did it in order that this House of Commons—this thing being of such importance—should make an examination of the problem or proposition which was submitted.

Now then, if we today are to incorporate gas pipe lines without knowing where they are going, or over what route, we become nothing but a rubber stamp—just the same rubber stamp as used by the Secretary of State when we could incorporate for any purposes at all. Surely that is true. Surely there is no argument against the simple statement I have made.

Mr. Speaker: Order—

Mr. Smith (Calgary West): I conclude by saying this—I saw you getting nervous, sir, and I think I have come to my conclusion at about the same time. We passed one pipe line bill last spring, and I think we were foolish. I am content, because that is the company about which some people in this House of Commons have been circulating the

rumour that I am in that picture. If I were outside I would know what to call them—and I do not see anybody where I am looking at the moment.

But I do say this, that I am content now to say that the transport board in dealing with their application, which will come up within the next month or two, should put in that permission the proviso that that company must complete their line on Canadian soil. I am quite content and happy that that should be done.

And so I say to the sponsor of this bill—and they are both together, both this bill and the other one—that if they will take a little piece of paper, and put on it only one line, saying that this company shall build this line between Alberta and Vancouver, and that it shall go on Canadian soil, I will join in making it unanimous with all the members of this House of Commons; and that bill will not meet with any more trouble, and we shall not have any more stupid, silly and false charges of filibustering in connection with this matter. That is all I have to say.

Hon. R. W. Mayhew (Minister of Fisheries): Mr. Speaker—

Mr. Smith (Calgary West): I do not wish to interfere, but the hon. member did speak on this bill just ahead of me the other night. But if the house wishes to give unanimous consent—

Mr. Speaker: Order. I understood the Minister of Fisheries wanted to ask a question.

Mr. Mayhew: I wish to make a short statement—

Mr. Casselman: No.

Mr. Mayhew: —to point out I spoke on the amendment the other night. I have not yet spoken on either bill.

Mr. Speaker: Order. The Minister of Fisheries is correct. He spoke on the amendment, but he has not spoken on the main motion. When the main motion is called the Minister of Fisheries will have the right to speak. I believe I am correct in that. The hon. member for Moose Mountain.

Mr. J. J. Smith (Moose Mountain): Mr. Speaker, in rising to say a few words on this pipe line bill I realize it may be said, when I have finished, that I did not know what I was talking about. However, I am going to say a few words. My constituency may not be interested to any great extent in where these pipe lines are built. However, I am not going to take very much time in holding up this session, or this bill—because I am quite anxious to get home. And, Mr. Speaker, I have a home to go to.

It may be suggested that I am on the wrong side of the fence. And that reminds me of a letter I received from a very good friend in my constituency—one who happened to be a C.C.F.'er. He congratulated me upon my first speech in the House of Commons, and upon a radio address I had made. He said, however, that he thought I should stay on my own side of the fence, and that was agriculture.

Mr. Sinclair: On a point of order, according to page 2111 of *Hansard* the hon. member for Cape Breton South moved an amendment to this bill, and that was the last order of business before eleven o'clock on the evening on which the debate continued for three hours. Then the hon. member for Calgary West began to speak. So the Minister of Fisheries was quite correct in saying that he had not yet spoken on the amendment—on this amendment.

Mr. Speaker: I do not wish to deprive the hon. member of a right to speak; but my recollection is that the hon. member for Cape Breton South moved an amendment to one of these bills which I, with regret, as I always have on such occasions, ruled out of order. Then—

Mr. Knowles: It was voted on.

Mr. Speaker: No, I did not rule it out of order. The amendment was voted upon, and did not carry. There was not a recorded vote. The amendment at the present time is the amendment moved by the hon. member for Vancouver East (Mr. MacInnis). The record I have in front of me shows that the Minister of Fisheries did speak on the amendment of the hon. member for Vancouver East.

Mr. Smith (Calgary West): On the point of order, you are absolutely correct. It appears on the page of contents—"Mr. MacInnis, amendment; Mr. Sinclair; Mr. Church; Mr. Mayhew; Mr. Gillis; Mr. Smith (Calgary West)". On my motion it was then adjourned. It is all there.

Mr. Sinclair: The last item was a motion by the hon. member for Calgary West.

An hon. Member: You are wrong.

Mr. Knowles: On the point of order—

Mr. Speaker: Order. I have again referred to the record, and I have before me *Hansard* for November 22. It is true, as the hon. member for Coast-Capilano states, that the hon. member for Cape Breton South did speak immediately preceding the hon. member for

Calgary West. But at that time the hon. member for Cape Breton South was speaking to the amendment of the hon. member for Vancouver East. The hon. member for Moose Mountain.

Mr. Cruickshank: On the point of order—

An hon. Member: Sit down.

Mr. Cruickshank: Is the hon. member for Coast-Capilano trying to stage a filibuster to talk it out?

Mr. Speaker: The hon. member for Moose Mountain.

Mr. Smith (Moose Mountain): I, too, would like to see a Canadian route in connection with this pipe line bill. The Minister of Trade and Commerce (Mr. Howe) has been referred to as the big shot in the government but I think that should be taken as a compliment. The other evening some hon. members said that the minister was talking through his hat. I do not picture him as being the type of man who talks through his hat; I picture him as being a wise and experienced gentleman. He differs from some hon. members of this house. He is not fond of hearing his own voice. I do not think he told us all that we would like to know, provided he has the information. We want to know where this pipe line is to go. Possibly he has satisfied himself that it will be good for Canada as a whole.

The outlook in Alberta is particularly good and we in Saskatchewan, the next province, rather surmise that we have gas resources also. However, these have not been developed but rather discouraged in Saskatchewan as outside private capital has either gone around our province or flown over it to land in Alberta. It might be said that we have lots of gas in Saskatchewan, but it is different from the gas that will be going through this pipe line. Hon. members will realize that we have eliminated that to some extent.

Saskatchewan should be entitled to this gas if it needs it for industrial or other purposes. Our products are mostly agricultural and we are bound to suffer if we cannot find markets at good prices. Private enterprise should be induced to build up industry in our province. Many hon. members of the house had the opportunity of going through the Studebaker plant in Hamilton and I do not think anyone will suggest that that plant could not have been located in Saskatchewan provided we had the gas and other essentials.

This gas pipe line should be built on Canadian soil. It has been said that the Alberta government has the power to say where the pipe line shall go but I do not know whether they have. After Alberta is served the gas should be made available to the rest of Canada and this parliament should have the right to say where it will go.

It has been suggested that the board of transport commissioners have the right to state where it will go and I do not know whether that is correct. If they have that power then I suggest that it is quite possible that they will insist on an all-Canadian route. I do not know all the members of that board but I do know Mr. Patterson from Saskatchewan who was recently appointed. If the other members are the same kind of men I am sure that they will state where the pipe line is to go.

I do not know whether this bill is going to be talked out and I am not going to spend much more time talking about it tonight. But if it is talked out I presume it will be brought up at the next session. I hope that when it is it will be stated in the bill that the pipe line shall follow an all-Canadian route.

Mr. W. D. Wylie (Medicine Hat): Mr. Speaker, I do not feel that I should permit this bill to pass without saying a few words. I support entirely the remarks of the hon. member for Calgary West (Mr. Smith). I feel that hon. members of this house should know just where this pipe line is going. If some hon. members do not know where they are going, that is their business, but I submit that we should know where this pipe line is going. We should know also just who is sponsoring this bill. I should like to read out those who are listed as sponsors.

Mr. Speaker: I would remind the hon. gentleman that on second reading it is not in order to refer to particular sections of the bill.

Mr. Wylie: Thank you, Mr. Speaker. Canadian needs should be satisfied before any gas is permitted to go to the United States. Until we are satisfied as to that I do not think we should approve of this bill. I think every hon. member is familiar with the natural gas possibilities in Alberta. There appears to be a lack of natural gas in other provinces than the province of Alberta. Nevertheless we must stick to the bill seeking to establish this pipe line.

An hon. Member: Why?

Mr. Wylie: As I have said in the house on many occasions, we in Medicine Hat and the surrounding district, and I may also say in southern Alberta, are much concerned about a bill of this kind. In the early years we had gas wells that were sunk right in the city of Medicine Hat, you might say.

An hon. Member: Lots of them.

Mr. Wylie: Yes, we had lots of them. You are right; we had lots of them. What happens today?

An hon. Member: You are here.

Mr. Wylie: Mr. Speaker, I appreciate the help I am getting from Liberal members on the other side of the house because we never had as much natural gas in the house as we have today. Speaking seriously, the natural gas situation at the present time in southern Alberta is beginning to become rather critical. It is beginning to get worse, to the extent that, so far as Medicine Hat is concerned, we have to drill wells nine miles from the city. What does that mean? It means higher taxes. If that does not mean anything to the Liberal members, it means a lot to Social Crediters. It is costing us more in taxation. We have got to pipe the gas from these wells to the city.

An hon. Member: Why?

Mr. Wylie: It means a lot to every resident of southern Alberta.

An hon. Member: They exported you, too.

Mr. Wylie: They would not want the hon. member for Coast-Capilano (Mr. Sinclair) in Alberta. If we had him in Alberta we would have no gas left because he would have consumed it all.

Mr. Speaker: Order.

Mr. Wylie: I appreciate all the help I am getting, considering where it comes from. In a serious vein, I should like to say that we believe we must be careful about the exportation of gas from Alberta. We must see that the other provinces of Canada are supplied with gas.

Mr. Byrne: Will the hon. member permit a question?

Mr. Wylie: Certainly.

Mr. Byrne: Does the hon. member know that the Westcoast Transmission Company, the company which has obtained a pipe line charter, cannot be stopped by this house from building a pipe line to Vancouver by way of the United States if the board of transport commissioners determines that it may do so?

Mr. Cruickshank: Oh, yes, they can; you had better read the act.

Mr. Wylie: We are not discussing that pipe line at the present time. May I say that we in Alberta do not object to having a few companies in competition with each other. We never have objected to that, but I think when a bill is passing through this house we should know where they are going to build the line. We should know whether the pipe line is going to go directly from Alberta to British Columbia or whether it is going to go through the United States to British Columbia. I think that is our main concern at the present time. I am most surprised that a British Columbia member should rise and ask the question he did a few minutes ago. May I move the adjournment of the debate, Mr. Speaker?

On motion of Mr. Wylie the debate was adjourned.

Mr. Speaker: It being nine o'clock, and the hour for private bills having expired, the house will resume the business it was considering at six o'clock.

NATIONAL HOUSING ACT

AMENDMENTS PROVIDING FOR JOINT OPERATING OF HOUSING PROJECTS AND LOANS TO HOME OWNERS

The house resumed consideration in committee of Bill No. 142, to amend the National Housing Act, 1944—Mr. Winters—Mr. Dion in the chair.

On section 2, subsection 4—*Additional loans by corporation, to home owners and home purchasers.*

Mr. Winters: Before six o'clock the hon. member for Bow River asked me a question concerning two pamphlets issued by the Central Mortgage and Housing Corporation having to do with the integrated housing plan. He will notice one of the pamphlets is dated July, 1947, and the other one June, 1948, and thus supersedes the former. The hon. member points out that there is a difference in these two pamphlets in respect of holdback. This is quite true because the terms and conditions of the integrated plan were changed which occasioned the issuing of a second booklet. The hon. member refers to a holdback of 25 per cent. We have no knowledge of such an amount because the usual holdback, where it is applicable, is in an amount of 15 per cent, not by regulation but in accordance with the appropriate mortgage practice.

It may be the hon. member is making the point that holdbacks in the case of houses built by the Bow River Construction Company should have been available for the benefit of home owners. I would point out that, even if the holdback were available, its purpose is not for the benefit of the home owner. The contract of the home owner is with the builder, and the lending institution looks to the house itself for its security. The discussion is quite academic, however, because the integrated housing plan was completely changed early in 1949 with title to the houses being transferred to the Central Mortgage

and Housing Corporation at the joist stage. This change in the arrangement, although generally unacceptable to builders, has had the effect of protecting the position of the purchaser. The new plan requires that all down payments be trusteed. Under present arrangements, if trouble arises such as is described by the hon. member for Bow River, there is full protection to the purchaser of the house under the integrated housing plan. These changes, although improving the position of the home owner, have had the effect of greatly reducing the volume of houses produced under the integrated plan.

I hope that this answers the question of the hon. member. I do feel there is little purpose to be served in further debating what holdbacks were required two years ago, particularly when the holdbacks were not for the benefit of the individual purchasers in whom the hon. member is so interested. The hon. member also asked me whether there were regulations in respect of holdbacks in connection with the integrated plan. The National Housing Act requires regulations approved by the governor in council. I confirm that there are no regulations in this respect. The use of the word "regulations" in the pamphlet dated June, 1947, is a general one, and refers to mortgage procedure rather than to the formal regulations as required under the terms of the National Housing Act. I quite readily admit, Mr. Chairman, that the word in that sense is used loosely in the pamphlet. I should like to return the pamphlet to the hon. member.

Mr. Johnston: I wish to thank the minister for his statement. I believe it is going to be of value to have that on the record. I should like to thank him further for the improved conditions in the administration of the housing act since he has been minister. I think there has been a great improvement, and it is going to be of great assistance to those who are building under N.H.A.

Mr. Fleming: Will the minister give some information to the house on one or two points I have in mind? At an earlier stage, the leader of the opposition pointed out that under this additional lending feature presumably the rate of interest will be the same as under the present N.H.A. mortgages, 4½ per cent. In Ontario, the rate of interest charged by the provincial government on second mortgages has been 3½ per cent. Has any consideration been given to that feature?

My second point is, has there been any discussion about the possibility of having Central Mortgage and Housing Corporation take over, by assignment or purchase, these Ontario mortgages?

[Mr. Winters.]

The third point is, will the minister make a statement to the house to explain how the repayments are going to be applied as between the N.H.A. loan and these additional one-sixth loans?

Mr. Winters: Mr. Chairman, on the matter of interest, that was one of the subjects discussed with the province of Ontario. Having regard to all the circumstances, it was felt it would not be desirable to introduce an interest rate lower than the prevailing rate of 4½ per cent.

With respect to the matter of assimilating the Ontario mortgages, that too has been a matter for discussion but no decision has been reached. It is not a matter under active consideration at the moment.

With regard to the problem of assimilating the additional loan into the basic loan, it will be amortized over the period of years provided under the act.

Mr. Fleming: One other question: On the following page, Mr. Chairman, there is part of the final subsection of section 2 of the bill. These clauses that are printed on page 3 are simply parts of subsection 4 of section 2. Under clause 6 (a) we have a reference to the terms upon which loans may be made to co-operative associations. One of the stipulations contained in (a) is, that the instrument of incorporation of the co-operative association and its bylaws are to be approved by the corporation.

I should like to ask the minister what tests it is the intention of the corporation to apply in determining whether the instrument of incorporation of the co-operative association, and its bylaws, meet their approval.

Mr. Winters: It must satisfy the corporation, Mr. Chairman, that it is a bona fide co-operative, that it has power to hold land, build houses and undertake any of the other functions that a genuine co-operative would undertake. It must not in any sense be a speculative venture that will result in anything short of a proprietary interest by each co-operator.

Mr. Fleming: The minister's remarks about the test are very general. Can he be more specific? At the moment I am interested in having some knowledge of what the tests are which, inferentially, are to be approved by this house in legislation, without having them before us in precise form. I presume there will be regulations to define those tests.

Mr. Winters: This section reserves the right of the corporation to determine the financial standing, the financial structure, and whether or not it is the type of co-operative that will

result in houses, and which will carry out what it purports to be in presenting itself as a co-operative.

Mr. Fleming: May I summarize those tests the minister proposes to apply? The first is to find the corporate power to undertake a housing enterprise of that kind; the second would be to prove financial ability to undertake a project of the size proposed. Does that correctly summarize the tests that the corporation will apply?

Mr. Winters: Yes, and the others set forth in the act which require—

Mr. Fleming: I am not speaking about the others that are set forth in the act.

Mr. MacInnis: Before we leave subsection 6, I have a question which would come under this heading. Credit unions are becoming fairly strong financially in Canada, and I am wondering if any requests have been made to have credit unions designated as approved lending associations under the National Housing Act?

Mr. Winters: Yes, Mr. Chairman, I understand there have been some, and approximately six or eight have been approved as lending institutions.

Mr. Noseworthy: Am I correct in understanding that the conditions applied to loans to co-operatives will be on the same basis as other loans, that is loans made by approved financial organizations?

Mr. Winters: That is right, sir, yes.

Mr. Noseworthy: Has the government taken into consideration the question of making loans to co-operatives at less than 4½ per cent or at the rates, for instance, upon which loans are made to limited dividend companies?

Mr. Winters: Yes, that was fully considered and was not deemed advisable on the basis I mentioned when I made my speech on second reading.

Subsection agreed to.

Subsections 5 to 10 inclusive agreed to.

Sections 3 and 4 agreed to.

On section 5—*Loans and losses paid out of consolidated revenue fund.*

Mr. Fleming: There is some information I should like to have on section 5, Mr. Chairman. By this section it is proposed to increase from $100 million to $300 million the amount of money available under part I of the act, for loans on houses to be occupied by the owners. Will the minister state, first, what amount has been actually drawn to date under the provisions of part I out of the consolidated revenue fund; and, second, what is the estimate of the requirements for the next year or two? Will he give an indication of what that estimate is, because it will include not only the loans hitherto available under the National Housing Act but also the one-sixth loans.

Mr. Winters: Approximately $86 million has been drawn against the $100 million formerly specified in the act. On the question of how much it is estimated will be used for next year, I do not feel now that I am in a position to estimate that amount.

Mr. Fleming: With all due respect to the minister, that seems to me an extraordinary statement when he is asking the house, in effect, for an additional appropriation of $200 million to be made available under part I of the act, from that one source alone. The minister has indicated that out of the $100 million that have been available for the past five years a total of $86 million has already been drawn, leaving I take it approximately $14 million on hand. The government is now asking that the house make available an additional $200 million. Surely that amount was based on some estimate as to the need and some estimate as to the amount to be required within the next one, two or three years. This committee, I take it, just does not vote $200 million without having some idea as to the need of it.

Mr. Winters: I find estimates of this nature, Mr. Chairman, are something that come up some time hence and are held against one. I would think, though—first making the precautionary statement that it is difficult to estimate this figure—that perhaps an amount of $100 million might be required over the next eighteen months.

Mr. Fleming: On what number of houses is that based and what average loan per house; that is, the original loan under part I plus this one-sixth provided in a previous section.

Mr. Winters: I would think that would cover around 35,000 houses. Hon. members will bear in mind that apart from Central Mortgage and Housing Corporation's share in the joint loan, there are contingency funds which also require certain moneys.

Mr. Fleming: Does the minister mean to say that 35,000 houses are expected by the corporation to require assistance under part I over the next eighteen months?

Mr. Winters: I would say that 35,000 would apply more to a per annum basis than the eighteen-month basis.

Mr. Fleming: I wonder if the minister will just reconcile those figures for us? The figure that he gave us was a requirement of $100 million over the next eighteen months and the 35,000 houses, I understand now, are houses that will likely be built with this assistance in 1950. Is that correct?

Mr. Winters: That is correct.

Mr. Fleming: Then what proportion of the $100 million is expected to be required in 1950 to provide the financing for the 35,000 houses?

Mr. Winters: I think the hon. member will feel that those figures have already been reconciled. I said the $100 million amount would be a rough estimate of what might be required over the next eighteen months. I also ventured the guess that there might be 35,000 units built within the period of the next year. That includes the joint loans plus the houses built on direct loan by the federal government under section 31A of the act.

Mr. Fleming: I must ask the minister if he will try to be a little more informative and a little clearer in these explanations that he is giving. If the $100 million is the expected requirement for the next eighteen months, will the minister tell us what portion of the $100 million he expects to be required in the next twelve months to provide the financing required to construct those 35,000 houses that he has told us about; and if the 35,000 houses cover more than those that he expects to be built under part I of the act, will he tell us what number are estimated to be built or expected to be built under part I? After all, it is part I we are dealing with under this appropriation of an additional $200 million. We do not vote that, I trust, without information.

Mr. Winters: I think I have given the best estimate I can, Mr. Chairman, under the circumstances. If the hon. member wishes the $100 million on an eighteen-month basis translated into the number of dollars on a twelve-month basis, it would very evidently be $66,666,666.66. I do not want anybody, however, to take that as a hard and fast figure.

As to why it is not possible to give a more precise estimate, I would say that it is not possible at this stage to forecast what the result of the additional one-sixth loan will be.

Mr. Fleming: It should be possible for the minister to announce his objective. We are interested in objectives. We have not much confidence that the goal of meeting the housing needs of the Canadian people is going to be reached unless the government has some objective to give us. Up to the moment, with all respect to the minister, we have been left to draw conclusions from figures and to bat these figures around without yet having any clear conception of what is the government's goal. Here the government is asking for $200 million. Surely the committee is to be given some idea as to just how the government proposes to put this act to work so that a case is made out for that money as being required. There is not going to be any disposition on the part of the committee to deny the money for this purpose if the committee is told that that money is going to be available to be turned into the construction of houses; but if you take the minister's figures for the cost—35,000 houses to be built under assistance of this kind in the next twelve months and $66 million to be required for that purpose—that means, as I take it, that the amount per house is not going to be as large as most of us thought was going to be required. According to my perhaps doubtful mental arithmetic, it would mean something under $2,000 per house.

I do not think these figures add up; because you are not building houses today under conditions in which $2,000 a house provides something like 88 or 90 per cent of the value of the house. This afternoon the minister gave us to understand that the houses that are to be built under part I from now on are houses that are going to be a little more expensive than the cheaper houses because the 80 per cent lending value is going to work out, he said, about the same way as these blended percentages work out at the present time, 95 per cent on the first $2,000, 85 per cent on the next $2,000 and so on. Surely we can have some clear information on the subject. Will the minister tell us whether the 35,000 houses he is talking about are houses to be built under part I alone.

Mr. Winters: Yes. That estimate of 35,000 houses, Mr. Chairman, is for part I alone. I want to emphasize again that it is only an estimate, and under the circumstances I am not going to tell the committee that we will build 35,000 houses. The estimate my hon. friend made of $2,000 is substantially correct, but that is only the government's portion of the joint loan.

Mr. Fleming: If the government is going to apply a loan value with some relationship to the cost of construction, and if the new provision for the adding of one-sixth to the previous loan allowed under part I is to have some effect, then that will mean that the kind of houses that the government expects to build or to assist in building under this part I would be houses having a value of about $2,400 each. You are not building houses

like that today. These figures just do not add up. You cannot reconcile the figures the minister has given to the committee tonight. The minister being the honest and sincere man that he is, it seems to me that it is patent that no real thought was given by the government, before they brought down this legislation, either to the goal to which they were working or to the necessity of giving to the house anything that looks like a case for the additional money, the $200 million, that is being asked for. In effect we have not got any figures. We have those vague estimates which have been drawn from the minister tonight. They do not bear any relationship to the cost of construction today. On the strength of that the committee is asked to provide $200 million. I emphasize again that there is going to be no disposition on the part of any hon. member to be niggardly or penny-pinching in the provision of money, if the government will put that money to work in the building of houses. But surely by the ordinary dictates of common sense and under the rules of parliamentary responsibility, the committee is entitled to something more than it has been given tonight to justify the appropriation of $200 million.

Mr. MacInnis: Mr. Chairman, I am interested in the point raised by the hon. member for Eglinton. When I spoke on the resolution stage of this measure I referred to it. I referred to a return which I received in April, 1949. One of the questions I asked was:

> How many houses (family units) were constructed with financial assistance under the provisions of the National Housing Act, during the year 1948?

The answer I received was:

> The number of housing units completed in 1948 with financial assistance under the provisions of the National Housing Act was 11,939.

My second question was:

> What was the total amount of financial assistance?

The answer I received was $101,642,194. On that basis I calculated that the average assistance per house was $8,512. If the minister expects that some 35,000 houses are to be built during this year or next year, with assistance on this basis I do not think that $200 million will be too much. But then I am at a loss to understand the difference between the figure that I received, namely, $8,512, and the figure that the minister gave tonight, namely, some $2,400 a house or something like that. Will the minister try to explain the difference between these two sets of figures?

Mr. Winters: The hon. member is referring to the question he asked with reference to the number of houses receiving financial assistance under the National Housing Act during 1948, and the answer was 11,939. That, I find, is the correct answer for the number of houses built in 1948, under the terms of the National Housing Act, 1944.

Mr. MacInnis: Would the figure of total assistance of $101 million odd be correct?

Mr. Winters: That too of course is the figure given the hon. member in the same reply. I have been informed that the figure is correct.

Mr. Noseworthy: Will the minister tell us on what conditions a part of the $300 million may be lent directly by the government to co-operatives or builders?

Mr. Winters: No, I cannot estimate that.

Mr. Browne (St. John's West): Is this $300 million a revolving fund? When the money is paid back does it go back into the fund again, and is it lent over and over again?

Mr. Winters: No, this is not a revolving fund.

Mr. Browne (St. John's West): What happens when the people pay back the money?

Mr. Winters: The money is paid into the consolidated revenue fund, which is separate from this fund.

Mr. Noseworthy: I am not clear on the answer to the question I asked. Surely there are certain conditions under which the government may lend money directly to builders or to co-operatives in the event of lending companies refusing to lend money. What are these conditions?

Mr. Winters: That is covered by section (33) (a) of the National Housing Act. But my hon. friend asked me to estimate how much of this $300 million would be applied, and I cannot estimate that amount.

Section agreed to.

On section 6—*Payment of losses.*

The Deputy Chairman: Shall clause 6 carry?

Mr. Knowles: Can the minister say how long it is since this section of the act was proclaimed? Can he give us some figures as to the extent to which it has been used? How many home improvement loans have been made, and what is the aggregate amount?

Mr. Winters: The home improvement section of the act has not been proclaimed. The home extension section has.

Mr. Knowles: So far as the total amount of the $125 million is concerned, are they together?

Mr. Winters: Yes they are.

Mr. Knowles: The act does not differentiate as to how much of the $125 million should be for home improvement and how much home extension?

Mr. Winters: No, it does not.

Mr. Knowles: How much has been used up for home extension?

Mr. Winters: I am informed that it is approximately $300,000.

Mr. Knowles: May I ask whether there is any intention to proclaim the home improvement part of the act?

Mr. Winters: It is intended to proclaim that section of the act, but at the moment certain types of hardware are still in short supply, and until they become more generally available it is not intended to proclaim that section of the act.

Mr. Knowles: The minister says that only $300,000 has been used thus far. I am not sure whether we are on clause 6 or 7, but they both deal with the same section of the act. The amount allotted is $100 million. It is now proposed to raise that to $125 million, and thus far only $300,000 has been used. If it is not going to be proclaimed it seems an unnecessary increase. My hope would be that it is going to be proclaimed soon, and put to use.

Mr. Winters: It seemed logical. We are increasing by 25 per cent the amounts that can be advanced against home improvement and home extension. So it seemed logical at the same time to raise the total amount provided for under the act.

Mr. Fleming: The minister's statement a moment ago, that since this section was first put on the statute books five years ago, providing that the sum of $100 million be made available for the purpose of loans under part IV of the National Housing Act, a total of $300,000 has been used, makes it perfectly clear that section 7 of this bill is just so much eyewash. Parliament is being asked to enact a solemn farce by voting an additional $25 million on top of the $100 million that is already mentioned, when over the past five and a half years a total of only $300,000 has been used.

Will the minister, in the face of this extraordinary and amazing statement, be good enough to tell the House of Commons on what basis the government arrived at this calculation of an additional $25 million required, over and above the $100 million already available? Let him give this committee all the information that was compiled and put before him before he undertook to sponsor a bill asking for an additional $25 million on top of the $100 million already available?

[Mr. Knowles.]

Mr. Winters: The same ratio prevails. It was felt that the amounts that could be expended under home improvement and home extension should be increased to compensate for increased costs, and that the total amount available should be increased in the same way, and according to the same ratio.

It is true that the amount advanced against home extension has not been as large as my hon. friend thinks it should have been; but the fact is that the demand for loans for that purpose has been met. If and when the home improvement section of the act is proclaimed, I have no doubt that the demand will be such that the amount of money voted will be required in a very short time.

Mr. Fleming: The minister's explanation has not subtracted anything from the extraordinary features of the discussion thus far. The one reason the minister has given to the committee for asking for an additional $25 million on top of the $100 million is that he is working it out in proportion. The minister has demonstrated an extraordinary sense of proportion, in saying that because there has been $100 million provided in the act for the last five years, and the basis of the individual loan is now to be increased by 25 per cent, therefore he says "Let us work it out in proportion, and we will add an additional $25 million." Mr. Chairman, is not this an amazing demonstration of government legerdemain? They have used $300,000 in five and a half years; and now, just to satisfy a sense of proportion, they are going to ask the House of Commons to boost the amount provided for from $100 million to $125 million.

Would not one have thought it only reasonable to expect that the government, before coming forward with this request for an additional $25 million, would have sat down and asked themselves, "How much have we used? Have we any right to ask the House of Commons to put another $25 million at our disposal, when we have not used more than a fraction of the first one million, let alone the $100 million now available?"

This whole thing is just so utterly ludicrous and farcical that it is hard to believe that it could happen in this Canadian parliament in this year of grace nineteen hundred and forty-nine. I think this whole episode demonstrates that what we are doing now is to enact a solemn farce.

Mr. Winters: I am sure the hon. member did not listen to what I said, or he would not have made those remarks. This is a provision

against the time when the home improvement section will be proclaimed. As I said before, once it is proclaimed it is anticipated that the demand will be such that this money will be required in a very short time. Surely he cannot criticize a type of foresight which tries to provide for such contingencies.

Mr. Fleming: I shall make only one observation in reply to the minister, that at the rate the government has been moving under part IV of the National Housing Act, he and I will both be old men—probably in our graves, and long since forgotten—before the government of the day comes anywhere near to needing that additional $25 million.

Mr. Browne (St. John's West): Can the minister say when he is likely to have it proclaimed, because it seems to me it would be helpful in reducing the housing shortage. It would be easier to put on additions to houses than to build new ones.

Mr. Winters: The current shortages are of plumbing and heating equipment, which constitute the bulk of expenditures on home improvement. The supply situation now is that plumbing and heating hardware suppliers are just barely able to keep up with the requirements for new housing. When we can go beyond that, and service more than new housing units, then consideration will be given to proclaiming the home improvement section of the act.

Mr. Macdonnell (Greenwood): I cannot help sharing the astonishment expressed by the hon. member for Eglinton. It does seem to me that after creeping along for several years we are now suddenly going to break into a wild gallop. While I think we all do wish substantial and speedy progress to be made, it does seem to me that to jump from $300,000 over a period of years to this noble figure which has been mentioned does call for an explanation, as the hon. member for Eglinton has said.

Some hon. Members: Carried.

Mr. Fleming: No.

Mr. Knowles: Unless the minister is going to answer that, I would like to ask with respect to the $300,000—that three-tenths of one per cent of the money that has been used thus far—how much of it was used for urban home extension, and how much for rural home extension.

Mr. Winters: I am informed that the whole amount was used for urban home extension.

Mr. Knowles: Were there any applications for rural home extension?

Mr. Winters: No.

Section agreed to.

Sections 7 and 8 agreed to.

On section 9—*Corporation may undertake projects jointly with provinces.*

Mr. Fleming: I suppose section 9 can be regarded as, in some respects, the most important departure in the bill from what has been the scope of the housing act up to the present time. The minister on an earlier occasion has very properly indicated that there is no thought in his mind of compelling the provinces to do things, but that his intention is that the act shall be administered with a view to assisting in co-operative endeavour with the provinces to find a solution in this particular branch of the housing field.

He is asking that $50 million be made available for this purpose; and if the provinces, all of them, meet their share—and if the appropriation is really used, and is not left to be forgotten as in part IV of the act—then I suppose we can expect a total expenditure of about $75 million. That, of course, will depend upon the extent to which all the provinces feel that they are financially able to participate with the dominion government on the terms contemplated by section 9 of this bill, the new section 35 of the act.

Lest hon. members may have formed the impression that all the provinces are just waiting to participate on these terms, I think it only right that we should have regard at this time to what the provinces themselves have said, particularly in view of the desirability and indeed the necessity of getting our feet on the ground on this problem, instead of running away with our heads in the clouds, as has been done with regard to this bill on some previous occasions by some hon. members.

I refer to the correspondence exchanged during the past year between the minister and the governments of the provinces with reference to this subject. I am going to refer only to the correspondence with two of the provinces, Alberta and Saskatchewan, because the governments of those provinces have written letters which I think should be before the committee. I do this in order to test some of the optimism that has been expressed by hon. members in connection with this bill.

According to the correspondence with Alberta I gather that when the minister made his statement in the house on September 21 the premier of Alberta made a public statement—the terms of that statement do not appear in this correspondence—which was apparently in rather critical terms. Thereupon the minister wrote to the premier of Alberta on September 24 expressing regret at his statement and saying that it must have been the result of some misunderstanding. He made reference to the correspondence

which had been exchanged, and then on September 30 the premier of Alberta replied by letter from which I should like to quote as follows:

I, of course, do not know the contents of the press report reaching Ottawa but the statement I made to the press here was to the effect that I deplored the federal government's action in committing the provinces to participation, probably at heavy financial cost to the provinces, in any scheme not submitted beforehand for the approval of the provinces. I made no comment on the housing plan as such.

I have no hesitation in reiterating my objections to any plans requiring participation by the provinces and which is announced officially before the provinces have an opportunity to discuss and consider provisions of the plan at a round table conference. This is not the first time this has occurred. My own feeling in respect to the proper procedure is that in any plan formulated involving participation of the provinces, particularly financial participation, the federal government should call a conference of representatives of the provinces, submit the plan, invite discussion and by this means arrive at conclusions mutually satisfactory. It then would be time enough to announce the plan publicly.

In particular reference to the housing plan, even though the provinces are committed to 25 per cent of the costs, the provinces were given no opportunity to express favour or otherwise, or even submit alternative suggestions for joint dominion-provincial efforts to solve housing problems. It was our understanding your recent trip across Canada was of an exploratory nature to personally obtain information on the housing question and that this was preliminary to the calling of a meeting of dominion and provincial representatives to work out specific measures for coping with the problem.

Mr. Winters: I wonder if the hon. member would read my letter.

Mr. Fleming: The letter that preceded this one?

Mr. Winters: Yes.

Mr. Fleming: It is a rather lengthy letter.

An hon. Member: Read it.

Mr. Fleming: It would do certain hon. members some good if they did a little reading. They might be contributing more to the debate than they are by making these useless interruptions.

I am quite prepared to read the minister's letter if he is serious in asking that I do so. However, I could state the gist of it, if that would satisfy him. As I have said, the minister wrote on September 24 to Mr. Manning and regretted that any misunderstanding should have occurred. He refers to the correspondence that had been exchanged and which started on March 7.

Mr. Winters: I ask the hon. member to be good enough to read my letter as I think it will be helpful to hon. members.

Mr. Fleming: I am quite prepared to do so, but I want to make it clear that it is being done at the minister's request. I take no responsibility for the time involved, because it is a two-page, single-spaced letter. It is dated September 24, 1949, and reads:

Dear Mr. Manning:

Statements attributed to you by the Canadian Press following my announcement in the House of Commons on the 21st September would lead me to believe that there must be some misunderstanding. If this is in fact the case, I would like to submit the following record of correspondence and conversations between the Alberta government and the federal government in the hope that it may serve to clarify the situation.

March 2, 1949: The Prime Minister wrote you, enclosing my letter to him, the theme of both being that the federal government would welcome for consideration any suggestions or proposals your province might have with respect to its housing problem.

March 7, 1949: You acknowledged the Prime Minister's letter, stating that his communication was being brought to the attention of members of the government of Alberta.

April 8, 1949: I wrote you, stating that I would be absent from Ottawa during the period April 8 to April 25, and stated that if Alberta cared to submit suggestions in writing, they would be given early and full consideration.

July 30, 1949: I wrote you, setting forth my intention to visit Edmonton on August 23, and stating that I would welcome an opportunity of discussing the housing problem with you or your appropriate ministers.

August 5, 1949: The Honourable Mr. N. E. Tanner, acting premier, replied to my letter, stating it was unlikely that you would be available on the 23rd August, but that he had arranged for me to discuss the problem with the Honourable Mr. A. J. Hooke.

August 23, 1949: In company with Mr. D. B. Mansur, president, Central Mortgage and Housing Corporation, and Mr. R. L. Elliott, private secretary, I had a full and pleasant discussion with the Honourable Mr. Hooke, who, as I understand it, stated that he was not able to express any definite views on behalf of his government but that he would bring the subject to the attention of his colleagues and inform them regarding our talk. At that time the proposals which were set before the House of Commons later on the 21st September were discussed quite fully.

September 1, 1949: I wrote to the Honourable Mr. Hooke, extending my appreciation for the opportunity to discuss the problem with him and expressing the hope that it would lead to a more comprehensive approach to the housing problem generally.

September 13, 1949: I wrote to the Honourable Mr. Hooke, outlining and crystallizing the discussions I had with him on the 23rd August and stating that I proposed to make a statement in the House of Commons along the same lines on or about September 20.

September 21, 1949: I wrote the Honourable Mr. Hooke, enclosing a copy of the statement I made in the House of Commons on that day.

It is regretted that what appears to be a misunderstanding should have developed. I can assure you that it was most certainly not my intention or the intention of the federal government to proceed in this matter without first exchanging views with the government of Alberta. I was of the opinion that all possible steps had been taken to this end, and I was very pleased with the co-operative attitude reflected by the Honourable Mr. Hooke during our conversation.

It is my sincere hope that if there is a misunderstanding, this letter will serve to correct it. Moreover, if you would care to discuss the matter of housing more fully, I would welcome the opportunity.

Yours sincerely,

Robert H. Winters

I am glad to read that letter in order to accommodate the wishes of the minister, although I do not see what bearing it has on the point I was making with regard to the letter of the premier of Alberta which followed. The premier of Alberta replied six days later to the minister, as I have read. It was made quite clear by the premier of Alberta that notwithstanding the exchange of correspondence, notwithstanding the conferences, it was his understanding that there would be a general dominion-provincial conference. On that point I ask the minister to be good enough to state what is the plan of the government with reference to consultation with the provinces.

I turn now to the province of Saskatchewan and I should like to refer to a letter written by Mr. Sturdy, minister of social welfare, dated September 23, 1949. This letter is a lengthy one and I should like to quote only two paragraphs. The first is on page three and reads:

2. It may be generally assumed that the poorest provinces, such as Saskatchewan, will have difficulty in getting loans and that in any event they will have to pay the highest rates of interest for loans. It also may be generally assumed that the poorer the province the greater is its need for satisfactory housing. While the 75 to 25 sharing arrangement will put the provinces in a better borrowing position, it can be predicted with certainty that Saskatchewan will experience difficulty in obtaining moneys. Since the dominion can secure funds at more favourable rates than the provinces, particularly the poorer provinces, some assistance should be provided by the dominion government to aid the provinces in procuring loans.

I invite comment by the minister on that statement of the position of that province. Then Mr. Sturdy adds this:

From our exchange of communications I believe we can mutually appreciate the complexities involved in the dominion's housing proposals. These will, undoubtedly, be multiplied after more consideration has been given them by this and other provinces. Therefore, we would ask that there be a dominion-provincial conference at the earliest possible date to make uniform and to finalize these details. It is to be hoped that the same amicable relationships which have characterized your discussions with the provinces on housing to date would prevail throughout such a conference.

The Deputy Chairman: I should like to ask the hon. member what relationship he sees between the documents he is reading from and section 9 of the bill?

Mr. Fleming: It is related to the new proposed section 35 which contemplates agreements between Central Mortgage and Housing Corporation, on the one hand, and the governments of the provinces, on the other hand, by which capital costs and profits and losses will be shared seventy-five per cent by the corporation and twenty-five per cent by the province concerned. It is related to the question whether that section is going to be fruitful in effecting agreements, because it is quite patent that nothing can come out of it except by agreement between the corporation and a province, or more than one province, and I should like to indicate what are the expressed views of certain provinces as to the possibility of agreement in the face of the difficulties that confront them in the way of entering into an agreement to assume a twenty-five per cent share of capital cost and possible losses.

The Deputy Chairman: Is the hon. member not anticipating difficulties which perhaps may not arise at all? I understand that he is quoting from correspondence that has been so far exchanged, and he wants to make the point that, according to that correspondence, opinions have been expressed indicating that perhaps future agreement may be difficult to reach. That may be the point that the hon. member is trying to make.

Mr. Fleming: That is not the only point, Mr. Chairman. I had just about finished reading. As a matter of fact, there is only one more paragraph I was proposing to read from one other letter written by the president of the Central Mortgage and Housing Corporation in reply to that letter. These matters are directly relevant because either we are legislating in a manner that is going to be really effective for the purpose that parliament approves, or in a manner that, as suggested here, may be defeated by reason first of all of the failure to call a general conference. Two provinces have indicated they understood a conference was to be called, and that they considered such a general conference necessary. The second point is that at least one province has questioned whether it has the financial means to enter into agreements on these terms.

The Deputy Chairman: I must tell the hon. member I do not think that a discussion as to the advisability of holding a dominion-provincial conference on this question is relevant to the section that is now before the committee.

Mr. Fleming: Mr. Chairman, I suggest with respect that, if two provinces say that in their opinion the proper avenue to reaching an agreement between the corporation on the one hand and the province on the other is by means of a dominion-provincial conference, it is a perfectly relevant consideration under this section. As a matter of fact,

I had not intended to say anything more on that aspect than I have already said. I was asking the minister for his comment on that question. For my part I am not saying that a conference is necessary at this point, but nevertheless if such a conference would help to bring about agreement then I think the minister should either take steps to call such a conference, or give the reasons why he thinks some other method of achieving agreements may be more effective.

At the moment my point is that I, in company with all members of the house, want to see agreements reached that will put the new section 35 to work.

The final extract—and this is just a paragraph—is from a letter dated October 4, 1949, written to Mr. Sturdy, in reply to the letter from which I have just read extracts, by Mr. Mansur, the president of the Central Mortgage and Housing Corporation. This touches on a point that has already been discussed. He says:

> In your paragraph twelve you comment upon the needs in the rural areas. The dominion-provincial arrangement now proposed is designed to assist in meeting needs in communities of, say, 5,000 population and up. If special steps are required to relieve housing conditions in rural areas, I believe that other techniques had better be adopted. Certainly the present arrangement was not patterned for such a purpose. Without in any way minimizing the desirability of better housing conditions in the rural areas, I think you would agree that the shortage of housing falls with heaviest incidence upon the urban areas. It is in that sector that the sharpest increase in the population has taken place.

As to the subject of agreements, I have respectfully asked for the minister's comment first of all on the method by which agreement is to be sought. In the second place I ask what, if any, consideration is to be given to provinces which claim that they may not be able to afford to enter into agreements. In the third place, dealing with the needs of rural areas, about which we have heard something in this debate already, if the legislation is as indicated by Mr. Mansur in his letter and is not intended to bring any benefit to rural housing, then I should like to ask whether the government has in contemplation any plan that will supply needed help to rural housing?

Mr. Winters: Mr. Chairman, the hon. member apparently is of the opinion that formal agreements will be required between the provinces and the federal government before this section of the act will become operative, whereas the actual agreements contemplated are with respect to particular projects. I believe the provinces share with us the view that conditions vary so much from province to province and project to project that they can best be discussed with the particular province concerned.

Mr. Fleming: I infer that there will be no general conference.

Mr. Winters: We will determine how this section can be used to the best effect, and we are going to make available to provincial governments the facilities of the Central Mortgage and Housing Corporation as they may require them. The provincial governments are fully aware of that, and at the moment nothing beyond that is contemplated. As to the ability of a province to pay, I think the hon. member will agree that is a matter beyond the jurisdiction of the Minister of Reconstruction and Supply as it applies to this act. The financial position of a province with respect to its ability to pay is something that would have to be discussed between the appropriate ministers. As to the matter of the act being applied to rural areas, my view is that this section of the act will apply wherever the provincial government and the federal government jointly determine and agree that something can be done to provide more housing.

Mr. Knowles: I want to say one or two things, and the minister will correct me if I have not understood him properly. I take it what is involved under this section is not a series of overriding dominion-provincial agreements but rather specific agreements with respect to each project.

Mr. Winters: That is correct.

Mr. Knowles: That agreement may be between the dominion government and a provincial government directly, or it may be between the dominion government and an agency designated by a provincial government. In any case what is involved is each particular project on its own.

Mr. Winters: That is correct.

Mr. Knowles: Moving on from there, may I ask the minister to take a minute or two to tell us how this thing is going to work, and what the formula is for it. It is a pretty important section. Some of us are anxious to see it pushed for all it is worth. As I understand it, it is under this section that houses will be built in some cases for rent and in some cases for sale with the possibility of an element of subsidy. It is clear, is it not, that that element of subsidy arises by reason of such loss as is sustained in getting the project under way? It is clear, is it, that such loss is sustained 75 per cent by the federal government, and 25 per cent by the provincial government? Now, in the case of houses for sale, who sells them and who determines the price? I have in mind the fact that there is a possible element of subsidy in the sale of such houses. In the case where houses are rented, who rents

them and who determines the rental? Is there any formula, any set of conditions, that determines who can rent these houses? I am asking these questions sympathetically. I am interested in seeing this section in force. I would be glad if the minister would give us some indication as to how it will work. One more question: what is the relationship between this section of the act and the slum clearance section?

Mr. Winters: This section of the act, Mr. Chairman, provides for the two governments jointly entering into a number of types of projects. First of all, it contemplates the assembly of land and services, and may not go beyond that. Another phase of it is that it enables the provincial and federal governments jointly to build on the land thus assembled. The houses built thereon may be sold or they may get into a rental position. From the outset, we have taken the view that the federal government does not wish to go further as a landlord, and that in any arrangement contemplating rental the management will be on a local basis. There will be some local housing authority.

We have said further that we wish to see as many houses as possible pass into ownership. We recognize that there are places where rental is required, and where people are able to pay economic rentals, economic rentals will be charged. The project will come under the management of the local housing authority. There is a further possibility that there may be rental housing required where the prospective tenants may not be able to pay economic rentals, in which case some underwriting of the losses might be required. We have said that we are prepared, jointly with the provincial governments on projects that are mutually acceptable, to underwrite those losses to the extent of 75 per cent federal money and 25 per cent provincial money.

In answer to the last question, about the relationship between this section and the slum clearance section which is already in the act, I would say that the two sections are entirely separate. That does not mean, however, that this section cannot be made operative with respect to a site that has been cleared and made available under the slum clearance section of the act.

Mr. Knowles: I thank the minister for the explanation he has given. Is it quite clear that these local housing authorities that will be set up to administer the renting of these houses will not sustain losses at that level? The losses will be sustained on the 75-25 basis between the federal and provincial governments?

Mr. Winters: Yes, sir, we have said that the relationship will be one in which the federal government will sustain 75 per cent of the loss, and the provincial government 25 per cent of the loss. How the provincial government wishes to handle that loss with respect to any arrangement between the municipalities and others is up to the province. The basic arrangement is 75 per cent by the federal government, and 25 per cent by the provincial government.

Mr. Knowles: The extent to which losses may be sustained in connection with the houses on a rental basis will be largely determined by the rents that are fixed. Who fixes those rents?

Mr. Winters: Those rents will be fixed by agreement involving the federal government, the provincial government, and the responsible housing authority for the area concerned.

Mr. Knowles: On reading subsection 6, clause (e), it would seem as though the governor in council had power to fix those rentals. I take it from what the minister has said that the governor in council merely confirms, as it were, the rental and other arrangements made by agreement among the three groups concerned. As the act reads, it looks as though the governor in council could fix those rents, but the minister says it will be done by agreement among the three groups?

Mr. Winters: I do not think either approach is mutually exclusive, if I may use that expression. I believe the governor in council reserves the right to determine the type of arrangement that shall be entered into, even though the arrangement may be a matter of agreement between the provinces. What I have said with respect to the federal government's willingness to enter into an agreement with the provinces for sharing losses, or any of the other arrangements, stands.

Mr. Knowles: I want to thank the minister for the answers to those questions. Is it clear that it is possible, say in the slum areas in my constituency—there are areas there that need new housing badly—for us to get the advantage of both the slum clearance section and this section 35? In other words, could the land be assembled, and the loss sustained in clearing that area paid for to the extent provided in the slum clearance section, and then have the local housing authority build subsidized, low rental housing in that area under section 35?

Mr. Winters: Yes, Mr. Chairman, that is envisaged, again subject to the mutual agreement between the province and the federal government.

Mr. Knowles: I hope it will come soon.

Mr. Higgins: I have two brief questions. The minister is aware of what is known as the St. John's housing corporation. Does section 9 cover the operations of that corporation? Is it privileged to get financial assistance under it?

The other question is, under what part of the act, the amendment or the original act, has the provincial government of Newfoundland made arrangements for slum clearance?

Mr. Winters: I believe the hon. member, in effect, asked two questions. The first was whether or not this act empowers us to deal with the government of Newfoundland with respect to housing developments in St. John's. I would say that the power is there; the legislation would enable us to do that.

With respect to the second question, as to whether or not there is provision in the act to take care of slum clearance in St. John's—

Mr. Higgins: As to whether application has been made under the original act or under this amendment.

Mr. Winters: The hon. member talks about an application having been made. I should say that the premier of Newfoundland has discussed the problem with me in a general way, but beyond that no formal application has been received.

Mr. Higgins: No decision has been made by you?

Mr. Winters: We have not been asked as yet to make a decision.

Mr. Browne (St. John's West): I should like to clear up a few points with regard to what my colleague has said about this section. It is rather difficult to approach the matter in view of the answer just given by the minister. I would certainly ask his sympathetic consideration if the subject ever comes to his attention. I understand the minister has been in St. John's, and has seen the conditions prevailing in certain sections of the city. There is a historical explanation of those conditions.

St. John's was destroyed by fire in 1846, and wooden houses were built. In 1892 half the city was destroyed by fire, and the half that remained—which covers about 50 acres —is in a bad condition owing to overcrowding. During the first and second world wars, people went to live in areas known as Southside hill and Blackhead road. The area is really in a scandalous condition. No interest is being taken in these people. In two sections of the city at least there is certainly a need for a housing project. If I could describe truthfully the condition—

The Deputy Chairman: I must ask the hon. member to confine his remarks to the clause under discussion. His remarks must be strictly relevant to the clause.

Mr. Browne (St. John's West): Surely, Mr. Chairman, when we are speaking on a housing project we must say why it is that we need one. I hope the minister is not objecting to my drawing these things to his attention. He may have forgotten them in his hurried visit, but I am closely associated with them. I have been closely associated with these conditions for a great many years.

The Deputy Chairman: That cannot be done under this section. We are now discussing section 9.

Mr. Browne (St. John's West): The minister said it could. He told us that a slum clearance project could be considered under this section because it is a project arranged between—

Mr. Winters: No, Mr. Chairman. I think I should clarify that point. I said that slum clearance and this section could be regarded as complementary projects. But this section has nothing whatsoever to do with slum clearance as such. Slum clearance is covered under an entirely separate section of the National Housing Act.

Mr. Browne (St. John's West): Since the minister gave me that answer some time ago, I have read the section and I think the position is this. The governor in council may make an arrangement with the municipality in regard to slum clearance. But under this section which we are discussing now a project can be arranged between the province and the central housing authority with regard to the housing project. What are we going to do with the people who are living in these terrible, distressful conditions? Are we not going to do something for them? I feel a great responsibility personally, and I should imagine that the minister would be sympathetic toward people in this position.

Mr. Winters: On a point of order, Mr. Chairman, I must say that while I am most sympathetic, and while we should like very much to do the greatest possible amount of good with the slum clearance section of the act, yet I feel obliged to say that the slum clearance section of the act is not under discussion at the present moment.

Mr. Browne (St. John's West): I am not really discussing slum clearance only, Mr. Chairman. Suppose we say that there is a certain area there that is a slum, that it is

discreditable, that we are ashamed of it, and that we want a new housing project. My friend the hon. member for St. John's East referred to the housing corporation. I presume I am not out of order when I speak of the housing corporation, because that has to do with the wealthiest class in the community. They have been provided for. Hundreds of houses have been built for them and millions of dollars have been spent for them, but nothing has been done for the poor. What I am recommending is that we should have a housing project for poor people as well as for those comfortable people who are employed in the government services in high positions and so forth. You do not need to take down the old houses and replace them by new ones. You can go out into some of the area which was acquired by the housing corporation of St. John's and put down a new housing project where the children of these poor people would have recreation facilities near their homes and where they could live decent lives, something which they cannot do at the present time.

I had hoped, Mr. Chairman, that I would be able to specify to a greater degree than I have been able to do the terrible, degrading conditions under which the people live in parts of St. John's. I hope, at any rate, that these words will leave a mark and an impression upon the minister's mind and that, if the matter should come to his attention, he will remember what I have said and give it sympathetic consideration.

Mr. Fleming: There is one question I wish to ask before coming to the series of points as to interpretation which I shall ask the minister to clear up. Are we to understand that this section provides for subsidized housing?

Mr. Winters: I think I have made the government's position on that matter quite clear on more than one occasion. We have said that if there are circumstances in which the provincial government and the federal government together feel that an element of financial assistance—call it subsidy if you wish—is required, we are prepared to share the losses on the basis of 75 per cent federal government expenditure and 25 per cent provincial government money.

Mr. Fleming: The minister's answer is quite clear, Mr. Chairman. I do not know why he did not simply say: Yes, it is subsidized housing. That is the simple substance of what the minister said.

Mr. St. Laurent: We do not have to use your language.

Mr. Fleming: I do not think he needs to feel so sensitive about the Prime Minister's feelings with regard to the use of these words "subsidized housing".

May I come now to some points of interpretation. In subsection 1 of the proposed section 35, in the fourth line there is reference to "agency". The section reads in part:

> The corporation may pursuant to agreements made between the government of Canada and the government of any province undertake jointly with the government of the province or any agency thereof . . .

That is to say, an agency of a provincial government. Are municipalities, for this purpose, to be regarded as agencies of the provincial government?

Mr. Winters: No, they are not. That word is put in there to cover agencies such as the Ontario housing corporation.

Mr. Fleming: My next point is with regard to subsection 4 and the provision of $50 million. When I spoke a few moments ago I think my mental arithmetic was faulty when I said that with the corresponding assistance from the provinces this would create a fund of $75 million. It will call for maximum contributions by the provinces of $16,666,000, giving an aggregate of $66,666,000. May I ask the minister upon what estimate this figure has been arrived at and how far it has been estimated that this figure will go? How long will it last? What is the government's objective?

Mr. Winters: In effect, this is a working fund. The financial arrangements will rely upon moneys voted by parliament, as I think subsection 5 says. This envisages a situation whereby the building of houses is a continuing operation and where moneys are required until such time as parliament can vote further moneys. It is a working fund to provide for that purpose. The moneys voted by parliament will then be turned back to this fund so that it is maintained at the level of $50 million.

Mr. Fleming: Has the minister anything to tell the house about the objectives? Within what space of time is it expected that the $50 million will be put out to work under this section?

Mr. Winters: It is expected that there will be an appropriation in the 1950-51 estimates. It is contemplated that this $50 million will carry us over until such time as money is available from any such vote. By that time we shall be in a position to know just to what extent projects under this section will go forward under agreements with the provinces.

Mr. Fleming: Am I to understand that this $50 million is an interim fund which will provide what may be thought necessary until April 1, 1950, and that from that point on a specific appropriation will be sought by the government from parliament?

Mr. Winters: That is right.

The Deputy Chairman: Shall the clause carry?

Mr. Fleming: No. I have several other points on which I should like interpretation. I should like a little more information about the $50 million, and the use the government is making of it. Have any estimates been prepared now as to how soon this money can be put to work, and as to how soon agreements can be negotiated on specific projects? Have any specific projects been submitted to the government by the provinces in anticipation of the enactment of this provision?

Mr. Winters: Mr. Chairman, the money, I presume, will be available immediately this bill receives the royal assent. No specific projects have been formally put to us envisaging the passage of this legislation; but some of the provinces have indicated that they are very anxious to proceed, and immediately this bill passes we shall enter into discussion with them.

Mr. Fleming: Will the minister be good enough to turn to subsection 6? There are some points on which I should like to ask for light. For example, 6 (a) empowers the governor in council to make regulations with reference to certain subjects, prescribing the type of land which may be acquired for housing purposes and the maximum purchase price that may be paid for such land. May I say here that I should have thought that that had a direct bearing on slum clearance; because surely one of the purposes that some hon. members at least attach to this section of the bill is that it would be used for redevelopment projects, and redevelopment projects surely do not contemplate simply the assembly of vacant land for the purpose of housing projects, but rather such projects as the one which the Prime Minister saw in Toronto last year, namely, the Regent park project, which he acclaimed as a landmark in housing.

There are very definite shortcomings under section 12 of the act in the assistance that the dominion gives toward the cost of slum clearance projects. Perhaps the minister will correct me if I am wrong, but under that section I should have thought that subsection (a) of this new section 35 was to be created for the purpose of making possible redevelopment projects such as the one I have spoken of, which involves slum clearance.

Mr. Winters: Mr. Chairman, this is a very broad section. There is really very little, if any, limitation on what the two governments, provincial and federal, jointly can do. There seems to be a tendency for hon. members to feel that there is something about this that is not consistent with the slum clearance section of the act. There is no reason why the slum clearance section cannot be applied if so required on property acquired, cleared and made available for rebuilding. Then it is straightforward to envisage that this section can be applied, using the appraised value of the land, reserviced, if necessary, housing built upon it, and the costs shared on the 75 per cent 25 per cent basis set forth.

Mr. Fleming: The minister's answer, while it may be consistent with the one he gave a moment ago to the hon. member for St. John's West, does not seem to me to be consistent with the provisions of this section. I think the section is much more remedial than the minister now indicates it to be. It has been my hope that the minister would have been prepared to tell us that he intended to put this section to work. This section contemplates regulations prescribing the type of land that may be acquired for housing purposes. The minister's last statement seems to resolve itself into this, that under section 35 you can assemble land, provided it is vacant. That is clear. But he also says that if you have old substandard houses on land and you need a redevelopment project you cannot apply this section 35 in the first instance. What you then must do is to apply section 12 first. The land must be acquired under section 12, and then section 35 will come into operation. If that is the situation, Mr. Chairman, I am afraid there are going to be very great and unnecessary difficulties in carrying out redevelopment projects, for section 12 does not go far enough in providing needed dominion assistance for the purpose of clearing slums and building redevelopment projects, because these redevelopment projects by their nature contemplate the clearing of land that has these old substandard houses on it. If it comes down to this, as the minister indicates, that the only help for these redevelopment projects, the only help in the acquisition and the clearing of the land must come under section 12, and only after that is done can section 35 come into operation, then, Mr. Chairman, he is leaving me with a very disappointed feeling about his intention with regard to this provision of the act. Surely, there is nothing in the fair rules of

interpretation of the language of this subsection that entitles the minister to say that it must be confined to the acquisition of vacant land. How can the minister interpret land in this section as narrowly as that? Cannot the minister tell this committee that it is the government's intention to use provisions of this kind for redevelopment projects that will bring about the clearing of slums and substandard houses?

Mr. Winters: I think it is clear, Mr. Chairman, that where there is a section already in the act, namely, section 12, providing for the redevelopment of land, it is not intended that this section should apply. There is no reason why the two sections cannot be complementary, however, as I said before.

Mr. Fleming: It just comes down to this, Mr. Chairman, that the fifty per cent assistance the dominion gives under section 12, with a view to the acquisition of land for the purpose of slum clearance, is something the dominion contributes to on a much lower scale, than the seventy-five per cent which it contributes under section 35 to the projects that are contemplated there. Unless the government is prepared to extend the remedial provisions of section 35, or terms equal to those, to the slum clearance provisions under section 12 of the act, then we are not going to get slums cleared. I am not the only member of this committee who construed the minister's statement and the language of this section as including redevelopment projects, which are the really essential factor in the long-term approach to housing conditions in Canada. However, the minister has said so and one can only express one's very great disappointment that that is the interpretation the government is putting on this section and at the way they are watering down what appeared to be sections of this act to which we could look hopefully for some benefits.

I come now to subsection (b), namely, the type, maximum costs and rentals of housing units that may be constructed. Will the minister be more specific as to exactly what the government has in mind with reference to the subjects of this subsection?

Mr. Winters: For example, I might say that the government does not propose to apply this section to houses that cost $25,000. We have to exercise some measure of control and this section gives us that privilege.

Mr. Fleming: What are the maximum costs—

Some hon. Members: Carried.

Mr. Fleming: Mr. Chairman—

The Deputy Chairman: Order.

Mr. Fleming: Mr. Chairman, some hon. members have a queer idea of expediting business.

Mr. Weir: Yes, that is right.

Mr. Howe: We are in no hurry.

Mr. Fleming: May I ask the minister what maximum costs are contemplated?

Mr. Howe: Take all the time you want.

Mr. Fleming: The Minister of Trade and Commerce is getting into this. I want to tell him—

Mr. Howe: Let us talk about that for a while.

Mr. Fleming: I will tell him that he will make a contribution to expediting matters if he keeps out of it.

The Chairman: The hon. member asked a question. The minister should be given an opportunity to answer it.

Mr. Howe: The financial critic will now speak.

Some hon. Members: Carried.

Mr. Fleming: Is not the minister going to answer the question?

Mr. Gardiner: You have wasted forty minutes already in a useless attempt to block the bill.

Mr. Winters: We would be in a better position to determine the type of housing required after we have had an opportunity to explore the field with the provinces.

Mr. Fleming: But surely the government has done some exploring of the field. They know surely by this time what kind of housing is needed, and which they intend to assist in constructing. Is there not any idea in the government's head on the subject?

Mr. Howe: Don't answer that.

Mr. Winters: We made it clear from the outset—

Mr. Howe: He couldn't understand it if you spelled it out.

Mr. Fleming: Perhaps the Minister of Trade and Commerce would assist by keeping quiet.

The Chairman: The hon. member for Acadia.

Mr. Quelch: Could the minister state what the rate of interest will be under section 6 (d)?

Mr. Winters: The money will be advanced on the basis of long-term dominion bonds and long-term provincial bonds, subject to a nominal carrying charge.

Mr. Quelch: What will the rate of interest be? It seems to me that the government is placing in the housing scheme a very severe handicap when they maintain the rate of interest as high as they are under this act. I was interested in a press report appearing in the *Christian Science Monitor* of November 16, 1949, which states, under the heading "Low interest rates held rehousing aid"—

Mr. Bernard E. Loshbough, administrator of the Connecticut housing authority, stated:

"The housing plight of moderate income families is being met in a manner completely unique to this country. Low interest rates constitute the tool through which these houses are being made available to families, making too much for public housing ventures, yet not making enough to pay the current high rents or building costs."

Connecticut's plan of action was based upon a mortgage interest rate of only one and one-half per cent, made possible by state-backed credit. Thus lower interest rates constituted the crux of the over-all Connecticut plan of providing for new housing.

Surely if the state of Connecticut is able to use its credit to provide money at the interest rate of one and a half per cent, the government of Canada, with the Bank of Canada at its disposal, should be able to finance the housing scheme at a very much lower cost than four and a half per cent interest.

I quite realize that the minister himself is not in a position to provide the money at that rate, but the government of Canada is. He should approach the government to try to provide money at a rate of interest which will really make it possible to have low rental housing in this country.

Some hon. Members: Carried.

Mr. Fleming: No. The minister would assist in shortening the debate if he would be a little more explicit about this matter of maximum costs under section 6(d). Surely the matter has been considered by him. As soon as this bill becomes law presumably regulations will be promulgated under the terms of the very section we are now called upon to enact. This is a matter of importance, because I think the house is concerned to see this section put to work to provide houses in a category where houses are most needed. Would the minister tell us what maximum costs are contemplated by the government?

Mr. Winters: Mr. Chairman, as I have said before, this is a matter of agreement between the provinces and the federal government. We have approached the problem from the outset only to help the provinces solve the problems which are normally regarded as being theirs. It should therefore be logical to expect that the provinces will have a good deal to say about the type of housing that will result in any of these projects. I would, of course, like to see housing that costs the least possible money, and at the same time would result in houses which would be a credit to the municipalities in which they are built.

Some hon. Members: Carried.

Mr. Fleming: The minister has not told us about maximum costs at all.

I turn to paragraph (c) and find reference to—

(c) the number of housing units for which commitments may be given.

I was surprised to find that term in the bill, because it suggests that there may be a ceiling in the government's mind. Exactly what limits have the government in mind when they are asking power to make regulations prescribing the number of housing units for which commitments may be given?

Mr. Winters: That section contemplates particular areas. It is conceivable that in some areas it might not be desirable to build all the houses that somebody may wish. Since the federal government is a participant, it should have the right to have some say in the matter.

Mr. Fleming: I thought it was obvious that the government would have to have some control over the particular number of houses in any particular project which are to be approved. But that is not what this section says. This does not refer to the number of houses in any particular project or any particular area. It prescribes in (c) for the number of housing units for which commitments may be given.

The only possible interpretation that can be put upon that is the number of housing units that may be approved under section 35. The interpretation that the minister has just given, if it is put forward seriously, just wrenches the meaning of plain words.

Some hon. Members: Carried.

Mr. Fleming: Perhaps the minister will answer my question. Perhaps the minister would answer my question this way—if he would indicate that there is no—

Mr. Gardiner: What do you think about it? Tell us that.

Mr. Fleming: The Minister of Agriculture is interesting himself in it, too? I think if they will just—

Mr. Gardiner: I may interest myself a lot more.

Mr. Fleming: If they will just leave the Minister of Reconstruction and Supply alone —these two big men of the cabinet—he will do very well. He will get along better without their assistance.

Will the minister tell us that there is no ceiling in contemplation by the government under these provisions, and that so long as the need exists, the need will be met, so far as the legislation that we are now enacting will meet that need?

Mr. Winters: This simply reserves the right to the federal government to make regulations. In reply to the hon. member's specific question, the answer is that we are not contemplating any over-all ceiling on the number of housing units to be built.

Section agreed to.

Bill reported.

Mr. Winters moved the third reading of the bill.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to express a few words at this time, for a minute or so, because I was stopped—

Mr. Howe: Next sitting of the house.

Mr. Herridge: —under section 2(a) by the Chairman in committee at that time—and I think most improperly. That section had to do with the provision for home owners in connection with the purchasing of homes. I just wanted to speak along the lines which had been followed by the two hon. members who preceded me and who were allowed by the Chairman to speak. I think I was perfectly in order but I was not allowed to say what I wanted to say at that time. Therefore, I shall say now what I intended to say then.

As I understand the principle of this bill, it is intended to provide more housing for Canadians. I support what was said this afternoon by two or three hon. members who said that they were of the opinion that those who live in small towns, in small villages and in rural communities do not receive from lending institutions the services they should receive under this act. I have had that very experience. I know that the small villages, the small towns and the rural communities in my constituency are not receiving the service they should receive from the lending institutions which operate under the act. I know of many good hard-working artisans, workmen, business people and others who have made applications for loans, who are well able to meet the payments on a decent type of house but whose applications have been rejected, mainly because they live in small towns, small villages or unincorporated areas.

From what I can gather, the objections of the lending institutions to lending money to people living in small towns, small villages and rural areas are, first, that they do not consider it to be a particularly good investment where the community is small and industry is not highly developed; second, they claim that quite often there is poor fire protection; third, they claim that the cost of inspection is greater.

With regard to the first objection, I contend that they are entirely wrong. Some of the most stable communities we have in this country are the small communities which stretch from one end of the country to the other. When it comes to poor fire protection I can speak from experience when I say that the small communities in my own constituency, particularly those with voluntary fire brigades, have a lower rate of fire loss than the larger centres. When they complain about high inspection costs I think they are failing completely to serve the Canadian people as they should. The lending institutions do very well under this act and I do not think they should be permitted to skim the cream and not serve the rural communities as they should.

In my opinion they are taking a cold-blooded business view of this question, without any sense of their responsibilities to Canadians as a whole. In order to illustrate my point I should like to refer to what has happened in Nakusp, the village close by to where I live. This is a village of 750 population in the Arrow lakes. It is surrounded by wonderful scenery. It has a permanent forest industry based on a provincial forest which by means of selected logging will produce an annual yield of over thirty million board feet of lumber forever. In addition there is a well-established agricultural industry. This is a stable community which the people themselves have built up over the years.

In order to illustrate the financial strength of this small community and its position as a risk, I should like to mention some of the things that have been done by these people who want to have the opportunity under the act to borrow from lending institutions. This village of 750 people has a legion post with 25 members who have built and paid for completely a $20,000 community hall. They have built nine-hole golf course at a cost of between $5,000 and $7,000. They have built and paid for completely a $50,000 water system that supplies every house and nearly every farm in the district with water for domestic and irrigation purposes. They have built a $45,000 twenty-two bed hospital. They have a voluntary fire brigade with a $7,500 modern fire engine; in all $10,000 worth of equipment.

I give that as an illustration of the development of a small community. It is in these

small communities that democracy prevails to a greater extent than in the larger centres. When this unincorporated village decides to take action it is done by getting the board of trade, the women's institute, the farmers' institute and the Canadian Legion representatives together. This is only one illustration of many that I could give of the small towns and communities in my constituency that are not being served under this act by the lending institutions.

In my opinion we should do our level best to further the development of our small communities, and that is not being done under this act. It is in the small communities where the greatest opportunities to build homes and bring up families to the best advantage are to be found.

I support the arrangement for dominion-provincial co-operation in the building of subsidized housing. We are hopeful that this will produce results for industrial workers and those who live in the larger centres. We are hopeful that the opportunities provided under the act to co-operative societies to borrow money for the building of houses will be fruitful. But I want to emphasize that under this act as it is being operated at the present time the small towns, the small villages and the rural communities of Canada are not receiving the service they should. I urge the minister to investigate this situation so that the provisions of this act will be available, not only to those in the larger centres but to those who work in and build up our small towns, small villages and rural communities. I am speaking on behalf of the rural folk who have been denied the service that they should receive under this act.

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

COAL

ASSISTANCE TO PRODUCTION IN ATLANTIC MARITIME PROVINCES

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved that the house go into committee to consider the following resolution:

That it is expedient to bring in a measure to assist the production of coal in the Atlantic maritime provinces by making loans to producers of coal, and to provide therein for the conditions of such loans and the terms of repayment thereof; to provide further that the aggregate principal amount of loans made to coal producers shall not exceed ten million dollars and that the aggregate principal amount of loans made to any one coal producer shall not exceed seven and one-half million dollars.

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

[Mr. Herridge.]

Mr. Black (Cumberland): Does the minister intend to make a statement now?

Mr. Howe: This is a matter which can be better understood with the bill before us. I could make a statement and have the debate on the resolution, but I think it would have to be duplicated when the terms of the bill are available. I suggest to hon. members that the resolution be passed tonight so that the bill may be distributed tomorrow. I have a statement to make, but I would prefer to make it with the bill before us.

Mr. Black (Cumberland): Speaking for myself, that will be quite satisfactory.

Mr. Gillis: I am interested in this resolution and the bill that will follow, but I see no point in discussing it until we have the bill before us.

Resolution reported, read the second time and concurred in. Mr. Howe thereupon moved for leave to introduce Bill No. 217, to assist the production of coal in the Atlantic maritime provinces.

Motion agreed to and bill read the first time.

VETERANS LAND ACT

PROVISION FOR MODIFICATION OF CURRENT AND FUTURE CONTRACTS, ETC.

Hon. Milton F. Gregg (Minister of Veterans Affairs) moved that the house go into committee to consider the following resolution:

That it is expedient to present a bill to amend the Veterans Land Act, 1942, for the following among other purposes:

To make the benefits of the act available to veterans in receipt of pensions for disabilities which are not the result of service but were incurred during service; to provide conditions under which modifications may be made at the request of veterans in current and future contracts made thereunder; to provide conditions under which adjustments may be made with veterans who have surrendered their contracts, and for the absorption of past abnormal building costs.

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

Mr. Fraser: Is the minister going to make a statement now?

Mr. Gregg: I have a statement to make, but as in the case of the preceding resolution I think everything is to be gained by having the bill passed around. The intention underlying the resolution and the oncoming amendment is a very simple one. It is, by simplification and providing greater flexibility, to make that very excellent legislation, the Veterans Land Act, more valuable to the veteran settled under it, and thus to the country at large. I shall be glad to make a fuller statement when the bill is before the house for second reading.

Resolution reported, read the second time and concurred in. Mr. Gregg thereupon moved for leave to introduce Bill No. 218 to amend the Veterans Land Act, 1942.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): I move the adjournment of the house. I think it is too late to start anything else.

Mr. Knowles: Eleven o'clock.

Mr. Fournier (Hull): Tomorrow we will take up the following bills: Nos. 64, 65, 63, 62, 120, 185, 148, 175, 210 and 215. I am not sure of the order, but I will try to have the ministers here.

Mr. Fraser: You are quite an optimist.

Mr. Drew: Can the minister indicate which will be called first?

Mr. Fournier (Hull): The first two will be the two measures concerning the Department of Justice, Bill No. 64, an act to amend the Royal Canadian Mounted Police Act, and Bill No. 65, to amend the Judges Act, 1946. The next will be Bill No. 63, an act respecting the inspection of fish and marine plants; then Bill No. 62, an act respecting forest conservation; Bill No. 120, respecting the incorporation of purebred livestock record associations; Bill No. 185, to amend the Prairie Farm Assistance Act; Bill No. 148, concerning the Canadian National Railways, and providing for a deficit, I believe; Bill No. 175, to amend the Excise Tax Act; Bill No. 210, to amend the Industrial Development Bank Act; Bill No. 215, to amend Dominion-Provincial Tax Rental Agreements Act, 1947.

Mr. Drew: Will there be government business all day?

Mr. Fournier (Hull): Oh, yes. There is no hour for private bills tomorrow.

Mr. MacInnis: Did I understand the minister to say that the bills will be taken in the order in which he read them?

Mr. Fournier (Hull): For the first two in the morning.

Mr. MacInnis: The point I want to make is that I do not think the first two will take the house very long. Can the minister tell us the order in which they will come the first thing tomorrow?

Mr. Fournier (Hull): I can give four bills. There will be the two justice bills I have mentioned. The third item will be an act respecting the inspection of fish and marine plants, and the fourth will be an act respecting forest conservation.

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

HOUSE OF COMMONS

Wednesday, November 30, 1949

The house met at eleven o'clock.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CANADIAN BROADCASTING CORPORATION—INCOME FROM COMMERCIAL ADVERTISING

Mr. Diefenbaker:

What is the total income of the Canadian Broadcasting Corporation from advertising in each of the years 1940, 1945, 1948 and for 1949 to date?

Mr. McCann: The income accruing to the corporation from commercial advertising was as follows:

Fiscal year ended	Amount
March 31, 1940	$ 773,521.89
March 31, 1945	1,639,159.97
March 31, 1948	1,842,558.29
March 31, 1949	2,217,129.91

AMUSEMENT TAXES

Mr. Isnor:

1. In what years did the federal government collect amusement taxes?
2. What was the revenue for each of the years the amusement tax was collected?
3. Did the provinces collect amusement taxes during the years the federal government collected same?
4. If so, what revenue was collected by the different provinces for each year?
5. What revenue has been collected by each of the provinces during the years since the federal tax was removed?

Mr. McCann:

1. The amusement tax was imposed in so far as moving pictures were concerned on May 19, 1941, and on other forms of amusements effective July 1, 1941. This tax was repealed May 19, 1948.

2.

1941-42	$ 7,710,360.89
1942-43	10,778,384.84
1943-44	12,018,950.29
1944-45	12,283,988.04
1945-46	13,387,340.55
1946-47	14,551,637.33
1947-48	15,368,632.34
1948-49	2,482,837.18

3. It is understood that some provinces did collect amusement tax during the years the federal government collected it.

4. No information.

5. No information.

HOUSING—NORMANDVILLE PLAN, THREE RIVERS, QUE.

Mr. Balcer:

1. What was the total cost of building by the Central Mortgage and Housing Corporation of the Normandville plan, Three Rivers, Quebec?
2. How many houses were built?
3. What was the individual cost of the 4-room units?
4. What was the individual cost of the 5-room units?
5. What was the individual cost of the 6-room units?
6. Are these houses for sale presently?
7. If so, how much is asked for each type of house?

Mr. Winters:

1. Project known as Terrace de Normandville, at Three Rivers, Que., was built by Housing Enterprises of Canada Limited at a total cost of $499,787.47.

2. 57.

3. Average individual cost of 4-room units, $6,504.60.

4. Average individual cost of 5-room units, $8,152.95.

5. Average individual cost of 6-room units, $10,536.67.

6. Yes.

7. Sales prices are as follows: 4-room units, $6,300 and $6,400; 5-room units, $7,300 and $7,750; 6-room units, $8,800.

NATIONAL FILM BOARD—PRODUCTION OR DISPLAY IN WASHINGTON, D.C.

Mr. Diefenbaker:

1. Are there any persons producing for or displaying films of the national film board in Washington, D.C.?
2. If so, what are the names of such persons; giving the salaries and expenses of each of them since January 1, 1949?

Mr. Winters:

1. There is no member of the national film board staff stationed in Washington, D.C. A library of Canadian films, established by the board and formerly operated by a staff member, exists and is now under the administration of the Department of External Affairs.

2. See answer to No. 1.

CANADIAN BROADCASTING CORPORATION—INTERNATIONAL SERVICE

Mr. Diefenbaker:

1. What was the total cost of operating the Canadian Broadcasting Corporation international service for 1948?

Questions

2. What is the estimated total cost of operating the Canadian Broadcasting Corporation international service for 1949?

Mr. McCann:

1. Fiscal year ended March 31, 1949, $1,437,524.68.

2. Fiscal year ended March 31, 1950, as per vote No. 305, $1,781,850.

PUBLIC WORKS—CONTRACTS FOR PURCHASE OF SPONGES

Mr. Knowles:

1. Since January 1, 1949, how many contracts have been made by the Department of Public Works for the purchase of (a) sea sponges; (b) synthetic cellulose sponges; (c) wool sponges?

2. With reference to each such contract, what is the name of the supplier; what are the types, sizes and quantities of sponges supplied, and what is the contract price for each such type, size and quality?

Mr. Fournier (Hull):

1. (a) None, (b) none, (c) one.

2. (a) The Casselman Company, (b) Mediterranean sheep's wool, (c) 8-10 to the pound, (d) 500 in quantity, (e) $1.31 each, making a total of $655 for prime No. 1 quality sponges.

WASHING MACHINES—IMPORTS FROM UNITED STATES

Mr. Lennard:

1. How many washing machines were imported into Canada from the United States from May 1, 1949, to October 31, 1949?

2. What makes and how many of each make?

Mr. McIlraith:

1. Electric operated, 103; power operated, except electric, 19; hand operated, 1.

2. Information not available.

FUR PELTS—IMPORTS FROM RUSSIA

Mr. Lennard:

1. How many pelts of fur-bearing animals were imported into Canada from Russia during the past ten months of 1949?

2. How many of each variety?

Mr. McIlraith:

1 and 2. Persian lamb, 1,440.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY—EMPLOYEES

Mr. Courtemanche:

How many persons are in the employ of the Department of Reconstruction and Supply at present?

Mr. Winters: 121.

COMBINES INVESTIGATION ACT—DISCRIMINATION AGAINST CO-OPERATIVES

Mr. Coldwell:

1. What was the name and address of the manufacturer referred to on line 30 of page 5 of the annual report of proceedings under the Combines Investigation Act for the fiscal year ended March 31, 1947?

[Mr. Diefenbaker.]

2. What was the name and address of the co-operative which was discriminated against in this instance?

Mr. Coldwell:

1. What was the name of the manufacturer referred to on line 23 of page 7 of the annual report of the commissioner of the Combines Investigation Act for the fiscal year ended March 31, 1948?

2. What was the name and address of the co-operative discriminated against in this instance?

Mr. Coldwell:

1. What are the names and addresses of the manufacturers referred to on line 4 of page 12 of the annual report of the commissioner of the Combines Investigation Act for the fiscal year ended March 31, 1949?

2. What is the name and address of the co-operative which was discriminated against in this instance?

Mr. Coldwell:

1. What was the name and address of the manufacturer referred to in line 20 of page 7 of the annual report of the commissioner of the Combines Investigation Act for the fiscal year ended March 31, 1948?

2. What was the nature of the restrictive clauses referred to in this instance?

Mr. Garson: The four preceding questions, standing in the name of the hon. member for Rosetown-Biggar, seek the disclosure of information which for a great many years it has been contrary to the practice of the combines investigation commission to disclose. I regard the information as privileged, and I would ask my hon. friend to withdraw the questions.

Mr. Coldwell: I have every confidence in the commissioner under the Combines Investigation Act. If the practice in each case has been as the minister has stated, I am quite willing to withdraw the questions.

Mr. Speaker: These four questions standing in the name of Mr. Coldwell are withdrawn.

QUESTIONS PASSED AS ORDERS FOR RETURNS

PRAIRIE FARM ASSISTANCE—SASKATCHEWAN

Mr. Argue:

1. What are the names and addresses of all persons employed under the Prairie Farm Assistance Act in Saskatchewan in the year 1948-1949?

2. What sum of money was paid to each person as (a) wages; (b) sustenance; (c) mileage; (d) other allowances?

3. At what rate are (a) wages; (b) sustenance; (c) mileage; (d) other allowances paid to inspectors?

NORTH SYDNEY, N.S., RAILWAY TERMINAL WHARF

Mr. MacLean (Cape Breton North and Victoria):

1. Have the plans for the new railway terminal wharf at North Sydney been completed?

2. If so, when will tenders be called for this work?

CIVIL SERVICE—PERCENTAGE OF PERMANENT APPOINTMENTS

Mr. Stewart (Winnipeg North):

1. How many nonpermanent civil servants have been in the service (a) 10 to 15 years; (b) 15 to 20 years; (c) 20 to 25 years; (d) 25 to 30 years; (e) over 30 years?

2. What percentage of the quota of permanencies allowable in the civil service has been filled to November 1, 1949, in each department and unit?

MOTION FOR PAPERS

INCOME TAX—TRADE UNION DUES AND TEACHERS' FEDERATION FEES

Mr. Knowles:

For a copy of all correspondence in the possession of the Minister of National Revenue, dated since June 8, 1948, having to do with refunding any overpayment of taxes made possible because of the exchequer court decision relating to the deductibility of trade union dues in the years 1945, 1946 and 1947; also for a copy of all correspondence from the same date, in the possession of the Minister of National Revenue and/or the Minister of Finance, having to do with government policy in relation to the deductibility of trade union dues and teachers' federation fees from taxable income for the years 1948 and 1949.

Mr. McCann: Mr. Speaker, I suggest that if this motion carries it should be subject to the reservation that communications which are marked "confidential and personal," and also that correspondence between individual taxpayers and the department, which by virtue of the secrecy provisions of the Income Tax Act cannot be disclosed, be not included.

Mr. Knowles: Letters regarding policy can be produced.

Mr. Graydon: There will not be any letters produced.

Mr. Speaker: Carried, subject to the reservations made by the Minister of National Revenue.

ROYAL CANADIAN MOUNTED POLICE

INCREASE IN REFUND PAYABLE IN RESPECT TO PRIOR SERVICE BEYOND MAXIMUM PENSION PERIOD

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 64, to amend the Royal Canadian Mounted Police Act.

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

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, TRAVELLING ALLOWANCES, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the second reading of Bill No. 65, to amend the Judges Act, 1946.

Mr. Angus MacInnis (Vancouver East): I have a very few words to say on this bill, and I think it would be better to say them on the motion for second reading.

When the bill was in the resolution stage I referred to a press report of a statement alleged to have been made at the meeting of the bar association by the chief justice of the province of British Columbia in regard to judges' salaries. The chief justice of British Columbia advised me that he made no such statement. The item I read from the press is quoted in the letter that the chief justice wrote me, and reads as follows:

> At the convention of the bar association at Banff, the statement was made by the chief justice of the province of British Columbia that salaries of judges are entirely inadequate and not in keeping with the dignity of superior courts.

The chief justice says that he did not make any such statement. He says that at the bar convention it was recommended by a special committee that the salaries of the puisne judges of the Supreme Court of Canada be increased to $25,000 a year, and that the salary of the chief justice be proportionately increased. On a motion to refer that report back, the chief justice, according to his letter, said that he did ask, not for any increase in judges' salaries, but that the salaries of superior court judges in the provinces should be brought more in line with those of the justices of the Supreme Court of Canada. That is the point that was made by the chief justice of British Columbia. Since he took the trouble to draw it to my attention, I thought I should bring it to the attention of the house.

Just one other word on the proposed increase in salaries mentioned in the bill. I emphasize only what I said when the bill was in the resolution stage. If I can make it any stronger than I made it then, I shall endeavour to do so. I do not believe it is anything short of a scandal that at this time we should be raising salaries that are of the proportions of supreme court judges' salaries, when hundreds of thousands of people throughout this country are being paid meagre salaries which are not going up but falling every day. I asked some questions on the unemployment situation in the dominion in the last two months as compared with the same period last year and I received figures which indicated that unemployment was approximately twice as great as it was last year. This means that twice as many people will be compelled to live on the meagre benefits from unemployment insurance. Because of that they will have to accept a lower standard of living. But here we are increasing salaries which in my opinion are already high enough.

The point made by the Minister of Justice when this matter was up for discussion before was that when they are appointed to the supreme court the judges are asked to give up certain things and perhaps make sacrifices by leaving their homes and taking smaller incomes than they received in the practice of their profession. I am not sure that there are not compensating factors for anything of that kind that may take place. The position of a justice of the supreme court is an honourable one. The honour itself is worth something, and the salary which goes with it is surely not inconsiderable. Not only is there the salary, but there is the pension. As long as they live, the justices of the supreme court receive a pension of two-thirds of their salary after they retire. When they die, one-third of that substantial pension goes to their widows. There are very few widows among the people with whom I associate who are left in that very fortunate position. I suggest to the House of Commons that if we want to improve the standard of living of the people of Canada we should begin at the bottom, and not at the top.

Mr. J. G. Diefenbaker (Lake Centre): Mr. Speaker, I can understand the attitude of the hon. member for Vancouver East (Mr. MacInnis) and the ideas he has expressed. However, we are setting up a supreme court which is indeed to be the highest court in this land. If ever there was a time when we should endeavour to secure the best possible men for the bench, surely that time is now, when the supreme court has become the court of last resort.

I am not unmindful of the facts set out by my hon. friend, and I am not at all certain that this present time is the most propitious for bringing into effect these very considerable increases. Having regard to powers it will now have, I do not think anyone will consider it presumption on my part if I suggest to the Minister of Justice (Mr. Garson) that in making appointments to the supreme court the first qualifications should be the highest integrity and ability, and also that no suggestion of political fitness as a major basis of appointment should be allowed to creep into appointments to that court.

I thank the Prime Minister (Mr. St. Laurent) for his obvious agreement with what I now say; for if we are to raise this court to the dignity and honour it must have in order to discharge its vast responsibilities, then above everything else ability, capacity and a sense of justice must characterize the appointments made to that bench.

In the United States—and I mentioned this on one other occasion—in order to guard the standard of their supreme court provision was made for approval of appointments by the Senate. No doubt that system is inapplicable to our form of government, but it does ensure that appointments shall not be made that cannot pass the criticism and examination of that distinguished legislative body, which so often places the public good above private and political concepts. Unless in every appointment made to the Supreme Court of Canada qualifications transcend every political consideration, a blow will have been struck at the court from which it will not soon recover.

I believe the time has come to have only one court in this country known as a supreme court. It is most difficult for the laymen, if indeed it is not for the lawyer, to understand why in one province there is a supreme court while in another there is the court of king's bench. The time has come to amend the law so as to provide that there shall be one supreme court in Canada, so that when a judgment is given by the supreme court it will be generally known that it is the Supreme Court of Canada, and no other, to which reference is made.

The next point I make in connection with raising the standard of the bench—and I speak without any desire to arouse antagonism—is one which I suggest the minister might very well consider. Judges ought not to serve on royal commissions which have a political background. The inherent danger in the appointment of judges to royal commissions political in nature is that our judiciary is thereby undermined in the opinion of the people. I am not referring to royal commissions the purpose of which is to solve economic problems; I have in mind, for instance, the coal commission, which was presided over by the present hon. member for Inverness-Richmond (Mr. Carroll). I refer to royal commissions which have been appointed as a result of political criticism. It is my belief that the judiciary should not be called upon to serve on such commissions.

This matter was before the house in 1927. Mr. Bennett, who subsequently was president of the Canadian Bar Association, dealt with the matter from a nonpartisan standpoint. In 1927, when this act was before the house, he said, among other things:

> Sometimes we have made appointments that have been political in their character. That is true; both sides have done it. It has been the reward sometimes for candidates who have run elections. Men have run elections, gone into a campaign, faced a constituency and said: Well, this is the only sure way by which I can get a judgeship. I know of cases like that, and so does my hon. friend the Minister of Justice (Mr. Lapointe), and I regret to say that in every province in Canada you will probably find on the bench one or two men whose

appointments have been made solely because of the services they have rendered of a political character.

He went on to make this statement:

If you are to have justice administered efficiently and faithfully, if you are to have confidence in the judges of our courts, to rely upon their judgments and to feel that the differences between labour and capital and the great issues involving property and men's liberties, privileges and lives are honestly and justly dealt with, it can be done only by attracting to the bench men with the qualifications and attributes to which I have alluded.

That was in 1927. I remember well hearing the present Prime Minister, speaking before the Canadian Bar Association, express himself in sentiments very much the same. I think I speak for hon. members of the legal profession, as well as those outside of it, when I say that the people are asking that the appointments to the Supreme Court of Canada shall be such that the most benevolent political eye will not be able to discern qualifications based in part on political fitness.

We have set up a body that is to deal with the lives and the future of Canada, that will have the difficult task of settling major jurisdictional problems that arise between the dominion and the provinces. If this court is to discharge these vast responsibilities, above everything else it must be a court that merits and deserves, by reason of the fitness of those appointed to it, the custody of the future of the Canadian people. With all the power I can give to my words I ask the government that in making these appointments they select men who enjoy the respect of people everywhere in Canada, men whose honour and capacity is above reproach. If the government will do this, they will go far towards laying the foundation for the type of Supreme Court of Canada that the Canadian people wish to have.

Mr. T. L. Church (Broadview): Mr. Speaker, this bill emphasizes the need of a legal committee of this house. Such a committee should have been set up long ago. I remember when my former leader appointed a committee to advise on and consider the revision of judges' salaries. At that time the government was having a great deal of difficulty in securing properly qualified men to fill vacancies in the high courts and other courts throughout the country. The committee recommended certain changes in the salaries and expenses of the judiciary.

This country has been well served by the large body of members of the bar who in the past have done so much for Canada in the matter of the administration of justice. Under the British North America Act the organization of the courts is a provincial matter, but the dominion pays the salaries and retiring allowances.

This bill provides that the salary of the chief justice of the Supreme Court of Canada is to be increased from $20,000 to $25,000 and the salaries of the other judges from $16,000 to $20,000. The number of judges of the Ontario court of appeal has been increased by Ontario legislation from seven to nine. The judges who go out on circuit are doing good work, but they have to put up with considerable hardship in connection with hotel accommodation and other matters. Most of the hotels are constantly filled to capacity and these judges have great difficulty in securing suitable accommodation. I think the minister should make some allowance for this branch of the work.

The need of a legal committee has been demonstrated during this session. Three-quarters of the time of the house has been taken up in debating the principles of legal bills. We should not make a political football out of the administration of justice. This prevents the minister from filling vacancies and getting members of the bar to give up their private practices at great cost. The Prime Minister (Mr. St. Laurent) represents that large body of men who are giving their time to this particular branch of work at great cost to themselves.

I am doubtful if the provision to increase the number of judges in the Ontario court of appeal from seven to nine is a wise provision. Ontario legislation has increased the number of judges of the high court from fourteen to sixteen. At one time the judges of the court of appeal had to reside in Toronto. It is difficult to obtain housing accommodation and at the present time one of them, owing to lack of housing accommodation, does not live in Toronto, even during court sittings.

We have a very able young supreme court judge who is now sitting in Ottawa, Mr. Justice G. A. Gale. He is a friend of the Speaker and of many other hon. members. He used to be in the firm of Mr. G. W. Mason, treasurer of the Law Society of Upper Canada, and is able to conduct cases in such a manner that his ability has received widespread recognition throughout the country. He is only one of a number of younger members of the bar who have taken up this work in Ontario at considerable cost to themselves.

Some arrangements should be made to provide allowances for these judges who travel on circuit. There are no houses available in Toronto, and like everybody else they are

forced to pay two or three times the ordinary value for a house. The increase in the number of judges of the high court of Ontario will provide some assistance for the judges who are now bearing the burden and the heat of the day on circuit throughout our province. Further assistance should be given in the way of travelling expenses. I do not see why the municipalities should have to pay all this when our judges are dealing with national work, and with 200,000 orders in council passed by this government.

I hope some arrangement will be made for consideration of this bill by a legal committee, because that is the only kind of body that can properly deal with it. Members of the bar, the judges and the attorneys general of the provinces could appear before that committee and give their views on these subjects, which are largely provincial. Under the British North America Act the organization of our courts is a provincial matter, and the dominion provides salaries and pensions for those who take up this most important work.

Mr. Stanley Knowles (Winnipeg North Centre): There is just one suggestion I should like to make. I do so partly because the hon. member for Lake Centre (Mr. Diefenbaker) has suggested what I think would be a desirable change in terminology.

While I am on my feet, however, but without taking the time to repeat them, I want to support the views expressed so well by my colleague, the hon. member for Vancouver East (Mr. MacInnis). I feel it is not proper to increase both the salaries and the pensions of persons in these higher brackets when the government finds it so difficult to do the same thing for people in lower brackets. If this measure did only that, we would oppose it. We are in the position of having to accept the bill, because we recognize the need for an increased number of judges, but we shall shout "on division" as a protest against these increases in salaries already high.

The suggestion I should like to make as to terminology relates to the word "puisne". I suppose, like "Newfoundland", there are half a dozen pronunciations of it. I understand the correct pronunciation is "puny". It does not sound to me like a very complimentary title to give a judge. Certainly the salaries and pensions that go with being "puisne" are not puny. I wonder if consideration should not be given to changing that word to "associate". After all, that is what these justices of the supreme court are, other than the chief justice; they are associate justices. I would hope that, when consideration is given to the suggestion of the hon. member for Lake Centre, consideration will be given also to the suggestion I have made.

Mr. Garson: Mr. Speaker—

Mr. Speaker: If the minister speaks now he will close the debate.

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, most of the matters which have been referred to this morning were discussed at some length when the bill was in the resolution stage. I do not intend to traverse the ground again at any great length, but a few points have been raised this morning to which I think some attention should be paid.

The hon. member for Lake Centre (Mr. Diefenbaker) has suggested that there should be only one supreme court in Canada, and I think there would be none who would dissent from that view. May I point out to my hon. friend, however, that the naming of provincial courts is a provincial prerogative, and there is nothing that we in this House of Commons can do to change the name of the supreme court of Ontario except by making representations to the government and the legislature of that province. I would be quite in accord with doing so, but I think this is one of those dominion-provincial matters in connection with which it would have to be done tactfully. If we were to arrogate to ourselves, as one might infer from my hon. friend's remarks, the privilege of saying what the names of the provincial courts shall be, then we might not—

Mr. Diefenbaker: There is no question of that at all.

Mr. Garson: —we might not produce the result he had in mind.

The hon. member also said that judges should not be appointed as members of royal commissions. Almost instantly we can see that there are certain disadvantages in the appointment of judges to royal commissions. Nevertheless upon further examination of the problem one can see great advantages in having them so act. After all, most royal commissions exercise judicial functions to a greater or lesser degree, and usually to a greater degree. The idea some people seem to have that the judicial function is something anyone with reasonable capacity can exercise without previous experience or training is a wrong one. Therefore when we have to look around in Canada for the most suitable members of royal commissions, judges are eminently fitted as candidates for such posts because of the fact they have been trained in exercising the function which is the chief function of a royal commission.

[Mr. Church.]

I think my hon. friend will agree with the observation I am now making, and perhaps will concur in my present agreement with the view he has expressed that in the face of the general problem the only thing a prudent and wise government can do is to balance the advantages against the disadvantages, and endeavour to secure the best of judicial talent for royal commissions, while at the same time not appointing judges to commissions which are likely to become the subject of political controversy.

As to the matter of salaries, I am greatly indebted to the hon. member for Lake Centre for the emphasis which he has placed upon the necessity of obtaining the very best talent that can be secured for the Supreme Court of Canada. I wonder whether we realize that, as a result of the supreme court amendment bill which we passed a few weeks ago, in a sense a new court is being established with greatly increased responsibilities and jurisdiction. The position of a final court of appeal is not only quite distinct and different from that of any other court in the country, but it is also quite different from the supreme court as it has been up until the present time, because it is now the court of last resort. The new court is to take the place of the privy council, which by general consent is one of the greatest appellate tribunals in history, and I suppose certainly the greatest appellate tribunal in the world today. We must remember that the function of deciding the law of our country in the last resort, which we are now turning over to the supreme court judges, was well described by the Earl of Carnarvon at the very time the Supreme Court of Canada was first set up. In doing so he used these words:

> The supreme appellate authority of the empire or the realm is unquestionably one of the highest functions and duties of sovereignty. The power of construing, determining and enforcing the law in the last resort is, in truth, a power which overrides all other powers since there is no act which may not in some form or other become the subject of a decision by the supreme appellate tribunal.

If we have any doubts as to the importance of the function which the court of last resort exercises in this or any other country, we only have to look back upon the effect which certain decisions of the privy council have had upon the constitution of our country. With respect to many judgments of the privy council, I venture to suggest that if any legislative body in Canada had attempted to achieve the same results by legislative action there would have been a tremendous outcry. So when we are setting up, as we have done, a court of last resort in Canada, it is not only preferable and advisable but imperative that we should secure the very best talent, men of the highest integrity, because there can be few responsibilities in Canada the proper discharge of which will be more important to the welfare of our country than those of the chief justice and judges of the Supreme Court of Canada.

This being so, and having regard to the fact that all those likely to be suitable candidates for appointment to such a court are men in the high income brackets, while we have always expected them, and I think must continue to expect them, to make a substantial financial sacrifice by accepting appointment to this court, there is a certain salary to which we must reconcile ourselves if we are to induce mature lawyers of the highest ability to leave their home communities and come with their families to a new environment in order to serve upon the Supreme Court of Canada. It may be that the amount we are now providing is not enough; but whatever the figure may be that is considered enough, the fact that it is more than we pay some other official in Canada, or more than is earned by the general body of taxpayers in Canada, I suggest is irrelevant to the problem we are considering here.

Canada is not the only country that has to face this problem of offering salaries sufficient to induce lawyers of mature age to leave their home cities and their friends in order to serve upon a supreme court in a capital city. In the United States, for example, in spite of the egalitarian tendency in the matter of salaries, which is far stronger than in Canada, there is still a wide difference in this regard. In some departments there you may have a chief with twenty-five or thirty assistants, and there will be a difference of less than $50 between the salaries of the chief and his assistants, as in the interstate commerce commission, for one example. In that country, however, in spite of the egalitarian tendency to which I have referred, the associate judges of the supreme court in Washington are paid $25,000, whereas judges of the federal district courts of appeal, presumably men who after their appointment would usually remain in the communities in which they had been practising, receive $17,500, and the judges of the federal district trial courts are paid $15,000. So there is quite a wide spread.

If we are to secure the discharge in a proper manner of a function of government that has been described in the terms I previously quoted from the Earl of Carnarvon, we must not approach this matter in any penny-pinching spirit. For some time I acted as treasurer of a province, and I was not noted then as a spendthrift; but there are cases in which one can be penny wise and pound foolish, and I think this is eminently such a case. The total amount we propose to spend upon the

supreme court for the proper discharge of one of the most vital functions in our body politic is not in any sense exorbitant; it never has and never will be. The course we propose in this bill is wise, prudent and economical, a course for which we solicit the support of every hon. member of this house, regardless of party.

I should like to conclude with just a reference to the emphasis laid by the hon. member for Lake Centre—with which I am in entire agreement—on the suggestion that in appointments to this court political considerations should not be permitted to carry weight. In fairness to this government, however, I think I should draw to the attention of the hon. member the fact that within recent years there have been cases, which I think it would be invidious for me to identify by name, of appointment of judges who are now ornaments of the bench and who were appointed by this government in spite of the fact that they were of the opposite political persuasion—

Mr. Drew: You perhaps knew more than we did.

Mr. Diefenbaker: How many of them were there?

Mr. Garson: —and whose appointments have been generally commended by the communities in which they serve, and in fact by the whole country. I agree that it is certainly advisable in all cases, and essential in appointments to the supreme court, that the major test that should be made concerning any candidate is with respect to his legal ability and integrity and judgment. Certainly that is the policy that will be followed in such appointments.

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

Some hon. Members: On division.

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

On section 1—*Salaries of judges of Supreme Court of Canada.*

The Chairman: Shall the clause carry?

Mr. Knowles: On division.

Mr. Drew: In his concluding remarks the minister pointed out that the supreme court would have new duties resulting from the fact that it now becomes the final tribunal, not only in the ordinary civil cases that may come before it but also in the constitutional cases which in so many instances were previously decided by the privy council. I think it would be well for hon. members to remember that the functions of that court have not yet been clearly defined so far as its constitutional responsibilities are concerned. For this reason I have some concern about the time at which this bill comes before us. The number of judges required to make that court an effective tribunal for all cases that may come before it, and the salaries necessary to attract the type of men who will give this judicial tribunal the very highest possible standing, to some extent relate to the new responsibilities that are to be accepted, and the extent to which these responsibilities will impose additional burdens upon the court. Hon. members of this committee do not yet know what is going to happen in regard to a large number of those constitutional cases which are called for decision by this court. In examining this bill and the arguments that have been put forward, it is necessary to remember that most of the constitutional appeals have related to matters of provincial concern. We do not yet know how those appeals are to be dealt with. That decision can be made only after consultation with the provinces. Undoubtedly it will be one of the first subjects discussed when the provincial governments meet the representatives of the dominion government on January 10. We do not yet know whether the provincial governments will ask for some other form of tribunal, or whether they will ask for some special procedure in relation to these cases.

While supporting without reservation the statement that it should be the desire of every one of us to raise the Supreme Court of Canada to a position of recognized preeminence in the judicial field, I have some concern about being called upon to express at this time an opinion as to the size of that court and the salaries that are required. It might have been advisable to defer the decision until after the meeting with the provinces, so that if agreement is reached, as we all hope it will be, the decision could be made with knowledge of the kind of procedure that is to be adopted in regard to the whole field of constitutional decisions.

I do not think, however, that there appears to be any question that this bill is to be adopted at the present time. I can therefore only reiterate what I have already said and what others have said: Let us hope, as Canadians, that the appointments which are made will give every Canadian reason to be proud of the Supreme Court of Canada. At the same time, in view of the observations I have made, I also urge that the representatives of the dominion government, when they meet the representatives of the provinces, bear in mind that the decisions then made will have

a continuing effect upon the status of the supreme court as our final court of resort in constitutional cases.

I have no thought of reviewing debates which have already taken place, but it will be remembered that one of our objections to a partial amendment to the constitution and a partial procedure for amendment of that constitution was related to this very fact. Some appeals can now go to the Supreme Court of Canada, and some—probably the largest number—can continue to go to the privy council, until there has been this joint decision. Let us hope, whatever procedure is followed as a result of the conference which opens on January 10, that we are not to have two types of constitutional appeal, but that our constitution will be one and indivisible.

Mr. Diefenbaker: Is the minister in a position to say when the supreme court will in fact be set up? The press has reported as to whom the two appointees will be.

Mr. Gauthier (Portneuf): They do not know.

Mr. Diefenbaker: No. Whether that be correct or not, I do not know. But will the minister say when he expects that the court will be set up, so that it will in fact be proclaimed to be a final court?

Mr. Garson: I am sure that anyone listening to the question which has just been asked, and to the speech of the leader of the opposition which preceded it, and who carried in his mind the remarks made yesterday in the matter of the rent reference, must see what a difficult position this government is placed in as a result of the advice which it from time to time gets from the opposition. On the rent reference, I understood that the hon. member for Lake Centre was complaining because the government had not had the Supreme Court Act amendment bill assented to and the whole matter set up so that the rent reference could go to the supreme court in such a way that there would be no appeal to the privy council. Today the leader of the opposition is suggesting that we should not deal with the Supreme Court Act amendment until we have a conference with the provinces. Then the hon. member for Lake Centre wants to know when we are going to bring the Supreme Court Act amendment into effect.

Mr. Casselman: You have many worse troubles than that.

Mr. Garson: May I say to these gentlemen who tender this inconsistent advice that we do not intend to reach a decision about these matters while we are preoccupied daily with an eight-hour sitting of the house and are trying to do our departmental work in the other two hours. But taking into account all the excellent pieces of inconsistent advice that we have received from the opposition, we shall endeavour to reconcile them all and to reach, at as early a date as possible, a decision with regard to the matter of the appointment of the supreme court judges and the organization of the court on its new basis.

Mr. Diefenbaker: The Minister of Justice has in recent days proven that he belongs to a group to whom inconsistency has indeed become a virtue. I can understand his feelings when he endeavours to find inconsistency between the two views expressed. The view I expressed the other evening was that the reason the Supreme Court Act amendment had not been brought into effect might have been that the government wanted to postpone indefinitely a decision whether or not they in fact had the power to continue rent control. They left the door open in that regard, having informed the house that it was most necessary to get that bill through quickly so that the final court could be set up.

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

Mr. Diefenbaker: Yes.

Mr. Garson: If we postponed organization of the supreme court until after the dominion-provincial conference, as was suggested by my hon. friend's leader, would we not inevitably become involved in a privy council appeal in a certain set of circumstances if the rent control reference were made to the supreme court before that time?

Mr. Diefenbaker: That is exactly it. The court will not sit until the middle of January, or possibly February. That was the point I was making the other night. Why draft an order in council and place it in the hands of the court before the court is a final court? The minister could have brought the whole question of rent control before the dominion-provincial conference, which could have determined the nature of the question to be submitted, at the same time protecting the constitution and the rights of the provinces. Then he could have made his submission to the final court. There is nothing inconsistent in that.

What the minister did in connection with rent control is this—

The Chairman: Order. We are discussing a bill to amend the Judges Act to increase the salaries of judges; that is all. We are not discussing a bill to amend the Supreme Court Act. That has been done.

Mr. Diefenbaker: Mr. Chairman, you did not notice the departure from the rules when my hon. friend was the one who was committing the breach.

The Chairman: The hon. member for Lake Centre started the debate.

Mr. Garson: On a point of privilege, Mr. Chairman, my departure from the rules was in my endeavour to answer the question which had been asked by the hon. member for Lake Centre.

Mr. Diefenbaker: I now ask the minister why the secrecy? Why did he not tell the house when the court is to be set up?

Mr. Garson: I have just finished telling my hon. friend.

The Chairman: Order. That question refers to the Supreme Court Act; it does not refer to the bill to amend the Judges Act. The question we are discussing is a matter of salaries; that is all.

Mr. Diefenbaker: Your ruling is final, sir; therefore one can only accept it.

The Chairman: If you accept it, do not discuss it.

Mr. Diefenbaker: At the same time I have a right to assert, with the greatest deference, that if my hon. friend can break the rules, there is no reason why an hon. member on this side cannot do so.

The Chairman: My ruling is not debatable. Shall the clause carry?

Mr. Knowles: On division.

Mr. Gillis: I have a few remarks to make on this question.

An hon. Member: You had better be careful.

Mr. Gillis: I am always in order on these legal points. I am not opposed to increasing judges' salaries as such, but I am certainly not in accord with the reasons given by the Minister of Justice for doing so. He argues that in order to attract the best people to that particular field you have to pay them a high salary, and so forth, and so on. In going through life it has been my experience that you do not buy brains and judgment. You either have it or you have not. To justify the increases in salary on that argument is wrong, in my opinion. I have always found that the persons who have qualifications, ability and principles are generally those who are working for their living, because they believe in the principles they are working for, and they are not for sale. That has been my experience.

I want to leave this thought with the Minister of Justice. The taxpayers of Canada as a whole are the ones who will pay the salaries that we are setting now. Sitting here as an ordinary individual, who has no legal training, the thing that strikes me is that ninety-five per cent of the people who will pay the salaries will never be in a position to receive any of the super-justice dispensed by this particular body. They will never get before that court. Large corporations, provinces and others who are aggrieved and who have the necessary finances and can pay the fees required to employ legal talent, are the ones that this court will function for. On one occasion in the house I said—and I know there are over eighty lawyers in the house—that you can get as much justice as you can buy. Everyone raised the cry that that was a reflection on the judiciary. It is no such thing. I have never cast any aspersions on the judiciary. I made that statement, and it is a statement of fact. In order to get before this supreme court you will have to pay. I suggested to the previous minister of justice, Mr. Ilsley, that in looking over this whole legal set-up and the matter of dispensing justice, improvements should be made in the courts where ninety per cent of our people see justice dispensed, namely, in the magistrates' courts. These courts certainly do not give the average person in this country very much confidence in the way justice is meted out.

I am not opposed to getting the best men possible for these positions, but I do not agree with the idea that the best man possible for any position is the man who has his talents for sale, and sticks to that particular angle of it. People in certain positions should receive a large enough salary to get along on, and some in some positions require more than others.

During the Minister of Justice's tenure of office I should like him to give attention to the county courts, to which the ordinary citizen who is aggrieved and who has the finances may go. If he has the finances he is reasonably sure of getting some kind of balanced decision there. When the minister is looking at the question I wish he would take a look at the magistrates' courts. If he does I think he will agree that a large percentage of our young people who, because of lack of judgment in many instances, are thrown into penitentiaries for a year or two years, come out with a very bad picture in their minds as to the way in which justice is dispensed. Many of them carry on with that feeling. I suggest that the whole question of justice goes back to the courts of first instance. While it may be all right to get supermen for the super-court, it will not do the ordinary citizen of this country very much good unless he has the finances to get before it.

Mr. Garson: I do not think I should let my hon. friend's observations pass unanswered. With the spirit of his reasoning I am in complete accord, but with great respect, I think that he has some of his premises wrong —some of his facts. For example, my hon. friend said that ninety per cent of the citizens of Canada could never get into this highest court of the land, and therefore they are in effect uninterested in the judgments which it renders. I suggest to my hon. friend that while many of this ninety per cent may not get into the highest court in the land as litigants, their lives are being affected every day by the interpretation which is placed by the highest court in the land upon, for example, a division of legislative powers between the dominion and the provinces.

One of the things we have to bear in mind is that it is not only by legislative action that the constitution of a country can be amended. When the fathers of confederation said that all the residuary powers in the country were to be exercised by the dominion, and the privy council in effect over a period of time interpreted property and civil rights within a province as being so wide as to include some residuary powers, they accomplished a change, and I think my hon. friend, being a practical and sensible man, would be the first to agree with me that any change of that kind, which is created by a court of last resort, goes to the hearthstone of every person in the country, no matter how humble he may be. This being so, the humblest man in Canada has a far greater interest in the composition of the Supreme Court of Canada than in some of the intervening appeal courts, because in the last resort it will be the Supreme Court of Canada which will interpret what the law of Canada shall be. The magistrates' courts and the high courts of the provinces, and the like, apply, in relation to the principle of *stare decisis* which we discussed at such great length on another occasion, the law as determined in the Supreme Court of Canada. With regard to the hon. member's observations as to magistrates' courts and the like, I am sure that upon reflection he will recall that they are all set up provincially, and that if any reforms are required in that direction his observations should be addressed to the provincial authorities.

Mr. Diefenbaker: Mr. Chairman, I always like to hear the hon. member for Cape Breton South. He is the iconoclast of the house. He clears up these images so that they can be seen.

There is only one thing which I believe the minister missed. Up until the time of the amendment to the Supreme Court Act this year a poor man could not get to the supreme court. He could go to the privy council *in forma pauperis;* in other words, he could apply to the courts for permission to go there, no matter how poor he might be. Provision was made this year, however, through an amendment introduced by my hon. friend, whereby anyone in this country, however humble, however poor, and despite his inability to meet the cost of litigation or the security for costs, may go to the Supreme Court of Canada, except so far as his constitutional freedoms are concerned, by simply making the necessary application. This was a step forward. My hon. friend asks where he would get counsel to argue the case. Well, no matter how eminent counsel may be, from my experience they will take anybody's case, regardless of fees, where a matter of injustice has been established. Today any person can go to the supreme court. Lack of finances does not now keep him back, and I am sure counsel could be found to take a case.

Mr. Gillis: I agree with everything the minister said, but he started off on the wrong foot by misquoting me.

Mr. Garson: I am sorry if I misquoted the hon. member; certainly I did not intend to do so.

Mr. Gillis: He said that I had said the average citizen is unaffected by and not interested in decisions of the supreme court. I did not say that, because I know he is. I am satisfied with the discussion thus far. It was my intention merely to focus the attention of the Minister of Justice upon the fact that justice does not begin in the supreme court; it has its beginning in the courts of first instance. If you are lucky you will get justice; but I could mention many cases coming within my personal knowledge in which people had good cases but lacked the necessary financial backing to follow them up. I shall not say anything further on the point at the moment.

Mr. Knowles: Would the minister comment upon my suggestion to change the word "puisne" to "associate"?

Mr. Garson: I was trying to be polite and not comment upon it. The fact that my hon. friend is not aware of the tradition attaching to the use of this word is not in my opinion a good reason for changing it. The word is not synonymous with "puny", in any sense. Among those who use the term it is generally understood as having a meaning the equivalent of the word associate. I can see no reason why it should be changed.

Section agreed to, on division.

Sections 2 and 3 agreed to.

Bill reported.

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

Some hon. Members Now.

Mr. Knowles: Next sitting of the house.

Mr. Speaker: Next sitting of the house.

FISH INSPECTION ACT

FISH AND FISH CONTAINERS—MARINE PLANTS—EXPORT AND IMPORT REGULATIONS

Hon. R. W. Mayhew (Minister of Fisheries) moved that the house go into committee on Bill No. 63, respecting the inspection of fish and marine plants.

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

Sections 1 and 2 agreed to.

On section 3—*Regulations.*

Mr. Applewhaite: Mr. Chairman, this is the pertinent section of the bill. I should like to make some brief observations and ask one question.

I have received from the Pacific coast representations which indicate that the industry as a whole not only welcomes this bill but welcomes also the regulations which will be adopted thereunder. Bearing in mind that, speaking roughly, the industry consists of two main parts, namely, the fishermen, and the fish houses and processing plants, may we have the assurance from the minister that when the regulations under this provision are being prepared, both sections of the industry will be given ample opportunity to make recommendations and representations with regard thereto? I am not suggesting for one moment that the government should turn over to the industry its power to make regulations. I am asking that, with a view to the drafting of workable and practicable regulations, consideration be given to both branches of the industry, so that we may have the assurance that the regulations will be based upon commercial standards and not solely upon laboratory, abstract and scientific principles. We want the assurance that they will be workable and devised for the protection of the industry as well as of the consuming public, either in this country or, as in this instance, the country to which the goods are exported.

I can assure the minister that under these circumstances he will find in all branches of

the industry on the Pacific coast that his act and the regulations will be lived up to in spirit and to the letter.

Mr. Mayhew: Mr. Chairman, I have already agreed with the industry that they would have an opportunity of discussing regulations with us before they are put into effect. The hon. member is asking that the fishermen, and others not definitely in the industry, have the same privilege. I can assure him they will, although we must have the last say. It is our belief that if we are to have regulations which will be operative and serve the industry to the best advantage, they must be regulations which all sections of the industry understand, and in the fulfilment of the purpose of which all sections of the industry will co-operate.

Mr. Carroll: Is it only fish to be exported to foreign countries that will be subject to this inspection?

Mr. MacNaught: It applies to interprovincial trade as well.

Mr. Carroll: I think it should apply also to fish that are caught, processed and used in a particular province.

Mr. MacNaught: As my hon. friend knows, that is a matter of provincial concern, and we hope that the provinces will pass enabling legislation so that the desired effect can be obtained.

Mr. Carroll: It should be the concern of the Department of Fisheries, because this parliament can pass ancillary legislation. The conditions here are somewhat similar to those which obtained in the apple industry in Nova Scotia. Apples that were to be sent to England or other places were inspected, but those consumed in the province were not, and the result was that the people in the province got very poor apples.

Mr. Higgins: This bill has been studied by a standing committee of the house, by the fisheries council of Canada and by the fisheries board of Newfoundland, and was given the approval of all those bodies. I can see no need of considering the matter further. It would appear that the bill will be of great value to the fisheries of this country, and it is something that we have needed for some time. I do not think we should spend too much time in discussing it.

Mr. MacNaught: I think it should be pointed out that paragraph (e) was amended in the standing committee.

Section agreed to.

Section 4 agreed to.

Sections 5 to 11 inclusive agreed to.

On section 12—*Marine plants. Conditions for export.*

Mr. McLure: I think a further statement should be made with regard to this section. We should be told what regulations will be prescribed.

Mr. MacNaught: No regulations have been drawn up as yet. This section will permit the department to enforce regulations in connection with the export of marine plants, particularly Irish moss. As the hon. member for Queens knows, for some time past there has been a voluntary inspection of Irish moss. The industry, and the people dealing in Irish moss, have asked that there be compulsory inspection. We hope to prepare regulations to be submitted to the industry for approval, and they will then be proclaimed and carried out. It is important that proper regulations be prepared, otherwise this industry may be lost to the maritime provinces.

Section agreed to.

Sections 13 to 16 inclusive agreed to.

On section 17—*Appointment of inspectors, etc.*

Mr. Anderson: I should like to compliment the minister upon this most worthy bill. I am sure that the people all over Canada, and especially those in Norfolk county, from which I come, approve the provisions of this bill. At Port Dover we have what I understand is the largest fresh water fishing fleet in the world—and in saying this I am not trying to advertise Port Dover. I urge upon the minister that he consider having a resident of Port Dover as inspector at that point.

Mr. Mayhew: The hon. member's letter was received only this morning. I assure him it will be given careful consideration.

Section agreed to.

Sections 18 to 21 inclusive agreed to.

Bill reported, read the third time and passed.

CANADA FORESTRY ACT

FOREST PROTECTION AND EXPERIMENT, CONTROL AND MANAGEMENT

Hon. Colin Gibson (Minister of Mines and Resources) moved the second reading of Bill No. 62, respecting forest conservation.

He said: Mr. Speaker, I want to make a brief statement on the purposes of this bill. The bill is a short one; nevertheless it is of great importance to the future welfare of this country. As I stated at the resolution stage, the bill repeals the Dominion Forest Reserves and Parks Act and provides new legislation more in line with present needs and the present policies of the government.

The principles of the bill were discussed fully in committee, and from the support that was received, both in the house and in the press, there is no doubt that this measure carries with it public support. Canadians are gradually realizing that while we have in this country vast forest resources, they are resources that can be either carelessly dissipated, or conserved by proper management to provide a perpetual source of revenue throughout this country. Indeed I go further and say that without proper management, not only will we eventually lose our forests, but, through failure to protect our watersheds, large areas in this country will become unfit for production.

Those trained in forest management have long recognized these facts and have provided warnings, but adequate steps to carry out a constructive forest policy can be undertaken only through the co-operation of the dominion and the provincial governments, backed by public support. As is well known, under our constitution natural resources come under the jurisdiction of the provinces, and already some of the provinces have taken steps to adopt an enlightened program for dealing with their forests. In Ontario General Kennedy prepared a report on conditions in that province. In British Columbia Chief Justice Sloan, sitting as a commissioner, held an inquiry and brought in an excellent report on the forest resources of that province. I should like to be able to deal extensively with these reports, but will confine myself to a few extracts which to my mind clearly indicate the extent of the problem with which we are faced.

Chief Justice Sloan states:

> Our forest industries have been living on an expenditure of forest capital that has taken hundreds of years to accumulate at no cost to industry. The time has now come when we have to plan to live on forest interest and maintain our capital unimpaired.

He points out there are some people—he calls them conservationists—who consider the preservation of our forests as the only means of preventing their exhaustion. By "preservation" he means the prevention of any cutting. Chief Justice Sloan also points out there are operators who regard the forest as a mine to be exploited and abandoned. He suggests that both these extreme philosophies must give way to a proper concept of conservation which provides for the intelligent utilization of our resources of virgin timber, and the adoption of means to ensure new growth to take the place of the trees

that are being harvested. In order to accomplish this he recommends, amongst other things:

1. Fire protection must be greatly increased.
2. The rate of planting denuded areas of productive forest land must be greatly increased.
3. Logging methods must be regulated to prevent destructive exploitation, and to ensure full regeneration of cut-over lands.
4. New systems of tenure and taxation need to be formulated to encourage private forestry and to remove causes compelling liquidation.
5. There must be a more intensified research in the practice of silvicultural methods.
6. Facilities and funds must be provided for extensive forestry research.

This is a responsibility that faces every province. It is a program which entails heavy expense, but an expense that is small in relation to the revenue derived from our forest industries. It could be said that, as our natural resources belong to the provinces, they should be responsible for their protection, but this overlooks the fact that the dominion, quite apart from all other benefits, derives considerable revenue from our forest industries and the subsidiary industries that they sustain. We undoubtedly have an obligation to assist the provinces, and to do so in a way that will contribute most to the common good.

During the course of the debate in committee when we were discussing the resolution preceding the bill, many statements were made which demonstrated the interest of members in the subject of forestry, but in some cases they also indicated that some members do not altogether realize the extent of the work at present being carried on in our forestry division. For example, one member stated that my department "had no experience really in regard to forests", and suggested that we should consult the provinces, overlooking the fact that until 1930 the dominion had direct control over 33,000 square miles of national forests. While in 1930 the government handed over our natural resources in the west, including our national forests, to the four western provinces, we by no means eliminated our dominion forest service. It continued to operate very efficiently, in spite of the limited appropriations that were available, and through close and continued co-operation with the provinces has been able to provide most useful services.

By maintaining three forest products laboratories and five forest experimental stations, much valuable information has been secured. If any of the members wish to visit our forest products laboratory in Ottawa, I am sure that they will find it just as interesting as I did when I visited it for the first time.

Through district offices established across Canada, close contact is maintained with the provincial authorities. In addition, during the summer months thirty-one forest survey parties have been in the field compiling information on such subjects as forest inventories, fire danger research, regeneration, and the growth and yield in various forest regions. Many of these parties have been working in provincial areas securing data which is available to both the provinces and the dominion. By means of air photography, and by using new techniques developed in the department, considerable information has been secured as to forest resources.

I think hon. members will agree that all this is good as far as it goes, but I do not think anyone believes that it is sufficient to provide adequate protection for the forest resources of Canada. I mentioned a few moments ago the limited appropriations, which were reduced from $1,427,000 in 1930-31 to a low of $241,000 in 1934-35. Since then our appropriations for forest services have been gradually increased until we have in the estimates today the sum of $1,418,000 for 1949-50, and additional sums provided for special projects amounting to nearly two and one-half million dollars.

It was in 1943 that eight of the provinces submitted a brief outlining recommendations for a forestry program, some of which have already been partly implemented. The provinces recommended first that the dominion government grant assistance to the provinces for forest protection, including protection against fire, insects and diseases; second, that the dominion government consider the advisability of intensifying research on forest problems; and third, that the dominion government give special consideration to the whole question of conservation and proper utilization and management of forest resources as a permanent national forest policy.

I have said that some of these recommendations have already been partly implemented. The forest insect control board was set up in 1945, consisting of representatives from the forestry branch, the Department of Agriculture, and the provinces, and appropriations for forest entomology were increased from $70,000 a year to $1,087,000. At the present time this board reports to the Department of Mines and Resources, while the research work in forest entomology is undertaken by the Department of Agriculture. A forest entomological laboratory at Sault Ste. Marie was built by the province of Ontario, and in

1945 was equipped and staffed by the dominion government. A new forest pathological laboratory is also being completed at the Sault with dominion funds, and is being staffed by the dominion. This will be, I may say, one of the most up-to-date laboratories of its kind in the world.

Our forest products laboratories carry out research to promote the more efficient use of our forest resources, to prevent waste, and to provide new uses for species of wood now used only to a limited extent.

Fire of course provides the great hazard that annually destroys millions of dollars' worth of timber, and this is a danger that must be faced by the dominion and the provinces together. I think hon. members will be interested in the statistics for 1948, which show that 23 per cent of all fires were started by smokers, 18 per cent by lightning, 17 per cent by camp fires, 12 per cent by railways, 11 per cent by settlers; and 19 per cent were attributable to various other causes. In the same year, 1948, there were 5,368 forest fires in the provinces, and the total damage, including fire-fighting costs, is estimated at more than $8,500,000.

Mr. Murray (Cariboo): If I may interrupt the minister, what percentage of the fires was caused by smokers?

Mr. Gibson (Hamilton West): Twenty-three per cent.

When a fire starts in a forest it can be controlled only if early warning is received and if it is possible to reach the fire quickly with adequate equipment. To combat fires we require roads which make forest areas readily accessible, extensions to our telephone and radio communication, fire-fighting equipment, and additions to our forest ranger services.

The provinces themselves have not found it possible to provide sufficient facilities to deal with fires, and would welcome dominion assistance. I may say that approaches already have been made by some of the provinces to open negotiations under the provisions of this legislation. The bill itself does not set out any definite forest program, as that can be worked out only in consultation with the provinces; but it does authorize the department to enter into agreements with provincial governments, with other departments of our government, and with private interests. Such agreements can provide for research programs which will avoid duplication or overlapping and at the same time make assistance available to the provinces to enable them to carry out constructive forestry programs. Already we are working in co-operation with the province of Alberta to protect the forests on the eastern slopes of the Rocky mountains. Not having such a bill as is being considered today, it was necessary to adopt a special act to provide for this assistance. In the future it is hoped and expected that through this measure progressive policies can be developed and put into operation not only for the protection but also for the development of our forest resources.

Mr. George A. Drew (Leader of the Opposition): The general subject matter of this bill is perhaps one of the most important with which this house will be called upon to deal. The working out of the details of course will have to await the arrangements made with the provinces, though many things are being done now under agreements between the dominion and provincial governments.

It does seem to me that everything possible should be done to impress upon the minds of our people the immense importance of protection of the forests. There is not only the damage to the soil which results from excessive cutting or the burning over of areas which are not replanted; there is also the loss of water power and the very great danger that fire or excessive cutting may result in communities which have been built up around the production of forest products being left without the raw materials necessary for that purpose. Right across Canada there are many examples of ghost towns which were once prosperous communities, but which found themselves ultimately in that position for no other reason than that the forest resources within the immediate area had been cut away to a point where economic supplies of wood were no longer available.

The minister has pointed out that the limitation of cutting is of necessity a matter for the provincial governments to deal with. Nevertheless a great deal can be accomplished in developing a better understanding of the obligation upon every citizen and every visitor to this country to avoid endangering these great continuing crops which today provide the largest single dollar value in the production of this country.

The minister has given the figures for 1948, and the percentage of fires resulting from various causes. It happens that I have the figures for 1949, which have just been prepared by the province of Ontario. They indicate the damage being done by certain types of fires, and undoubtedly call for an educational program in which our service clubs and other similar organizations can play an extremely important part by reason of their opportunity to place these ideas before the people.

As an example of the continuing nature of this damage I point out that in Ontario alone

in 1949, according to the departmental records, there were 1,762 forest fires. The causes of those fires are interesting. They were as follows:

Lightning	451
Campers	421
Smokers	370
Settlers	164
Railway operations	139
Road construction activities	53
Logging operations	51
Incendiarism	28
Mining operations	6
Prospecting operations	5
Undetermined	74

These figures, I think, would represent a relatively uniform pattern right across Canada, and it will be seen that most of the fires were the result of carelessness. On the other hand the number of fires caused by lightning is an extremely important consideration to which I think we should direct our attention in discussing this subject.

On motion of Mr. Drew the debate was adjourned.

At one o'clock the house took recess.

The house resumed at three o'clock.

ORDERS IN COUNCIL

TABLING OF SUMMARY—SEPTEMBER 1, 1949, TO OCTOBER 31, 1949

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, if I may have the unanimous consent of the house to revert to motions, I wish to table a summary of orders in council passed during the period September 1 to October 31, 1949.

The previous summary was tabled on November 18. Like the previous summary, this one does not include a summary of the treasury board minutes.

LIVESTOCK PEDIGREE ACT

SIMPLIFYING OF PROCEDURE FOR INCORPORATION AND AFFILIATION OF ASSOCIATIONS, ETC.

Right Hon. J. G. Gardiner (Minister of Agriculture) moved the second reading of Bill No. 120, respecting the incorporation of purebred livestock record associations.

Mr. Drew: Explain.

Mr. Gardiner: It has been suggested that I explain. This bill passed the Senate in the last session, came to this house just before parliament was dissolved and was not discussed in this house. But on that occasion it passed through the Senate. It went to a committee in the Senate and was discussed fully there. This session it has gone through the same process; it has been in the Senate. It was introduced in the Senate, went to a committee, was discussed fully there, and has been referred by the Senate to this house. Instead of going into a lengthy discussion of the measure on second reading, I would suggest that it might be acceptable to the house to have it go to committee and that we have our discussion, if any, there. I make that suggestion in order to speed up the handling of the measure.

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

PRAIRIE FARM ASSISTANCE ACT

AMENDMENTS WITH RESPECT TO ELIGIBLE AREAS

Right Hon. J. G. Gardiner (Minister of Agriculture) moved that the house go into committee on Bill No. 185, to amend the Prairie Farm Assistance Act, 1939.

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

On section 1—*Blocks ineligible for award.*

Mr. Argue: Before section 1 is carried, Mr. Chairman, I should like to state to the minister my views on the substance of subclause (a) and ask for his opinion on what is proposed in that clause. The minister was unable to attend the meetings of the committee on agriculture, and for that reason there was no one there to give an explanation of government policy.

The amendment to the act reduces from a block of nine sections to a block of six that area which may be removed from a township that is eligible for prairie farm assistance. It reduces the average yield in the block which may be removed from something over fourteen bushels to anything over ten. My point is that within this six-section rectangular block, when it is removed, there may be one or two farmers with a crop of less than eight bushels per acre and therefore a crop failure according to the provisions of this act. I do not believe that any farmer within an eligible township, and who has a crop of less than eight bushels per acre, should be removed from the provisions of this act. I think it is discriminatory to remove any farmer on that basis.

I want to point out that in the committee we tried to have this section amended so that no farmer within a six-section block should be taken out of an eligible township if his yield was under eight bushels per acre. I would point out that in 1947, while there were 2,644 townships eligible under the act, only 17 part townships were removed. I might further point out that the departmental official, Mr. Matte, gave us some interesting

information when he said that the board of review went over the experience they have had with 300 townships. He found that there were just three instances in which a block of six sections would have been removed. In these three instances there was just one farmer with a yield of less than eight bushels per acre. If this provision could be changed so that no farmer would be excluded from getting the bonus if he had a yield of less than eight bushels per acre it would certainly cost the government very little money, perhaps just a few hundred dollars. As the departmental official, Mr. Matte, said, in the 300 townships only one farmer was excluded. Therefore if this provision was changed to that extent it would cost the government only two or three hundred dollars to give a bonus to a farmer who has in fact a crop failure.

I know the minister has done a great deal toward improving this act, and I think it would be a small change and I should like to have his views on it.

Mr. Gardiner: Mr. Chairman, although I was not able to be present in the agriculture and colonization committee I did read all of the evidence that was taken there, and therefore I am well aware of the views which the hon. member for Assiniboia holds. The opinion which is held is one which I have been trying to remove from the minds of persons in western Canada generally ever since the act was enacted in 1939. We do not make payments to anyone because of the small or large amount of wheat that he may produce on an acre of land. That is not done. And to put up the argument at any time that, because a man has only eight bushels of wheat to the acre, he ought to have payment is not in accordance with any part of the principle of this act. The act simply says that we use the yield of wheat on the land in a township for the purpose of finding out whether it has been dry or not. We do not make payment on the basis of wheat. A man does not have to grow any wheat in order to get payment. A man does not have to grow any grain at all in order to get payment. A man may have nothing but grass with livestock running on it and he will still get payment. Payments are not made on the basis of wheat at all. We take the yield of wheat only to find out how dry it has been in a certain area. And when we find that it has been so dry that the average yield of wheat in a township is eight bushels or less, to the acre, when wheat is at the present price, we say that payment ought to be made to every farmer in that township.

In so far as this particular section is concerned, as I said before, when the average yield was more than fourteen bushels to the acre then nine or more sections of land in a rectangular form might be removed from the benefits of the act. It was found by experience, and from the criticisms of the municipal associations, that we had not given sufficient thought to the matter when we put in nine, whatever the figure should have been, because there is no way you can get a rectangular block of nine sections unless it be three by three. Therefore that was not a very good figure to have taken.

In this particular amendment we say six instead of nine. And when it is six it is one strip up one side of a township, or it may be two by three running directly away from the ineligible area, or it may be two by three running up and down alongside the area. There are quite a number of ways in which you can figure six townships and still get it rectangular, as against a number that you can figure out with nine. Then, of course, the condition with regard to the greater numbers is much the same. It could be twelve; it could be some other figure and still be rectangular. But the reason for changing from fourteen to ten is that the act as it stood was operative up to twelve bushels to the acre until wheat rose in price from down around 50 or 60 cents up to over 80 cents. There is one section of the act that is not operative at all and has not been operative since wheat passed 80 cents a bushel some years ago. That part is the section which provides for payments between eight and twelve bushels. Payments are made there only when the price of wheat is under 81 cents. When it is over 80 cents it cuts out altogether. That again is just a means of figuring out what the returns are that a farmer is likely to get in an area. While that was operative we said fourteen bushels to the acre was the point at which you started to take land out of an eligible township. We have been operating with the section in during the last few years, and there was no way of taking land out until it got up to that particular level, with the result that many sections of land were permitted to remain in where the yield was not below eight bushels to the acre on the average. Therefore, criticisms were made that some people, who had very high yields not only of wheat but of oats and barley or very good grass crops, were getting paid at a time when some other people were not being paid. We have simply reduced it down to having the same relationship to eight now as it had to twelve before. It is ten now before you start to take it out as against eight when it comes in. It was fourteen before as against twelve;

so that unless we get down to the point where we are getting 80 cents a bushel for our wheat there will be no reason for having to figure any change.

The only other thing I should like to say about the matter is that I think the argument that was put up by hon. members of the committee against the proposed amendment of the member for Assiniboia, and which resulted in its being voted down when it was before the committee, is a sound argument, namely, that not only are you starting to make payments on the yield of wheat that an individual has, but you are trying to base this legislation more or less on an individual basis. I know that in the committee hon. members from other parts of Canada were desirous of knowing what is a section. It is about 640 acres of land. What is the size of a farm in western Canada? I think the impression was given that a section of land is about the size of a farm. That of course is not correct. In western Canada the average-size farm is more nearly a half-section of land than a section. As a matter of fact it is under three hundred acres. A short time ago I had occasion to look at our own figures to find out how many farms there are in Saskatchewan that have two sections or more of land. It is less than two per cent. In other words, this idea that farms in western Canada are big carries us away sometimes. On the average they are not as big as some people think they are. The average farm is much smaller than was suggested the other day. While you would not be getting down to an individual basis if you made it a section of land, yet you would be getting down to a unit so small that it would not meet the purposes that are fundamental in the act itself. One of these purposes is that a man should not be encouraged to stay on land that is never going to produce a good crop at any time. In order to emphasize what that means I shall give the committee a few facts with regard to the area where the payments have been highest.

Take a block of land in the southwestern part of Saskatchewan, with its west boundary on the boundary of Alberta and its east boundary, No. 4 highway, running north from the United States border through Swift Current, crossing the Saskatchewan river at Saskatchewan Landing, directly north of Swift Current; and take as the north boundary the South Saskatchewan river, and the south boundary the United States border—in that area there are 369 townships. In that area there are only three townships which have received payment in only one year out of the last nine years. In that area there are only four townships which have received payment for only two years, and only one that has received payment for only three years. Then, there are 14 that have received payment for four years, and 31 that have received payment for five years out of nine. That is just slightly more than half the period. There are only 69 townships in that block of 369 that have not had payments for more than five years. In other words 300 townships in there have had payments five years or more.

Mr. Diefenbaker: That is in Saskatchewan.

Mr. Gardiner: Yes, in Saskatchewan—in that one block in Saskatchewan. Those who prepared the act had in mind two things, one of which was to assist the people in remaining on areas where it is very difficult for them to remain until such time as we can work out some plan to have them resettled. The other was to determine, by getting information just as we are getting it today, what areas ought to be resettled.

I believe there will be very little doubt in the minds of most people that when an area has had payments for five years out of nine—and 31 of these townships received them five years out of nine, 82 received them six years out of nine, 114 received them seven years out of nine, 75 received them eight years out of nine, and 29 received them nine years out of nine,—there is no doubt that someone should begin to arrange some plan to have them resettled rather than continue paying to keep them on.

Therefore I say it is not desirable to have a section put into the bill which says that if a man is living on a piece of land with a yield of less than eight bushels to the acre he ought to be paid, no matter what his neighbours are getting off their lands. He may be living on a sandhill. It may be that he is not utilizing his land to the best advantage, as some of his neighbours are. There may be many reasons. But we are not paying on the basis of what he produces in wheat; we are paying on the basis of what it is possible for him to do because of the climatic conditions in the whole area in which he lives. We desire to have the act maintained on that basis, rather than to have it put on an individual basis in the sense that some people will be paid, while others are not, on a basis different from that on which others are being paid.

Mr. Argue: I agree that the attitude of the government has always been that this act should not be placed on an individual basis. I also differ from the minister in his belief that it should not be placed on an individual basis. I do agree that something has to be done, and very soon, to take care of people farming in the area the minister has just mentioned.

I do not want to go outside the act in the discussion but if the government is interested in doing something to remove people from the provisions of the act, so that they will not have crop failures year in and year out, then of course it should do something about irrigation. However I am not suggesting at this time that the purposes of the act be changed.

The act applies only when there is a township with a crop failure and, if there is a township with a crop failure, then it can be applied to half townships with crop failures and thus, on a basis of rough justice, to people in a township or a half township. All I asked under paragraph (a) was that the minister should see that one or two farmers who are discriminated against at the present time should be allowed to get payments.

While I am on my feet I should like to deal with paragraph (b) of section 1, which deals with bringing into an eligible township a block of land outside the eligible township and lying within an ineligible township. This provision used to be applied to a rectangular block of nine sections, and has now been reduced to a rectangular block of six sections.

I point out to the minister that when he takes in a rectangular block he is very likely taking in some farmers who have more than eight bushels to the acre and, beyond question, he is leaving out many farmers in the ineligible neighbouring township who have a yield of less than eight bushels of wheat to the acre. I do not wish to leave the impression that I do not know a farmer can be paid for a crop failure, even though he does not grow wheat. Wheat is taken only as a yardstick by which payments are made.

In the committee I suggested that the clause be changed, and that instead of adding to an eligible township rectangular blocks of a given size the government should add to the township a section or string of sections contiguous to the eligible township, so long as the yield in those sections was less than eight bushels to the acre.

The minister added strength to my argument when he pointed out that there are more half-section farms in western Canada than farms of any other size. My suggestion was that after an area has been declared eligible the department should go on from there and add on sections of land—not individual farms—but sections of land in which the yield of wheat was less than eight bushels to the acre.

Irrespective of the government's attitude or the purposes of the act as set out by the minister, I say without fear of successful contradiction that the farmers of western Canada are interested in having the payments made on an individual basis. They are interested, particularly after a township has been declared eligible, that the individual sections of land outside the township may be included.

With that in mind, in the committee on agriculture I offered an amendment. The chairman of the committee said that the committee did not have the right to change the bill, but that after it was passed in committee we might tag on to it certain recommendations to the government. Therefore my suggestion would not even have changed the bill, but would have merely brought to the attention of the minister the majority opinion of the committee on agriculture, had that recommendation been accepted. My amendment was that the committee recommend that the government consider the advisability of amending Bill No. 185 by deleting subparagraph (b) of the proposed new section 7, in section 1 of the bill, and substituting therefor the following:

(b) Where a section of land lies within an ineligible township and has a side that lies alongside an eligible township or is a section which lies alongside an eligible section or a corner of which touches the corner of an eligible township or an eligible section, such section of land shall be eligible for award as though it were a complete township.

If that recommendation had been made to the government and if the government had changed the bill accordingly it would mean that farmers alongside an eligible township who had a crop failure because of drought could become eligible under the act. The yeas were Argue, Bryce, Fair, Wright. The nays were Bennett, Blue, Corry, Darroch, Dumas, Elderkin, George, Hetland, Jutras, Kent, Laing, Leger, MacKenzie, McCubbin, Murray (Oxford), Richard (St. Maurice-Lafleche), Roberge, Studer.

I would like to point out that the Conservatives on that committee were not responsible for the defeat of my amendment. I do not think there were any Conservative members from western Canada present when the vote was taken. The Conservative members from eastern Canada apparently felt that they did not have sufficient information to judge whether my suggestion was a good one or not. There were four yeas and eighteen nays, and among those eighteen nays was the hon. member for Maple Creek and the hon. member for Humboldt. How members of the agriculture committee who came from Saskatchewan could vote against a suggestion that a recommendation be made to the government to improve the Prairie Farm Assistance Act is entirely beyond me.

I could not understand the vote of the hon. member for Maple Creek because a large part of these payments have been made in his

constituency. I know it is said that the rural municipal association wanted this amendment and I think it can be said that they thought it would be a step in the right direction. I venture to say that there are not a dozen farmers in the dried-out areas of Saskatchewan who would vote against the suggestion I made in the committee.

Here is what the hon. member for Humboldt said in the committee, and I quote from page 11:

> Mr. Chairman, I do not think we should change it very much; as a matter of fact, I do not think we should change it at all. This is a thing that we have been asking for over the years, and now that we have it here in the form in which it is before us, I think we should accept it.

As I have said before and as I say now, the present act does not go far enough. I am sorry the Liberal members of that committee did not support my amendment. If it had passed it would not have defeated the government, it would not even have criticized the government; it was merely asking the government to consider whether or not the act could be broadened to include farmers who have a crop failure. Irrespective of whether the minister is satisfied with this act, I am not, and I shall raise this matter at every session of parliament.

Mr. Diefenbaker: Mr. Chairman, the hon. member who has just taken his seat has referred to the agriculture committee and lest there be any misunderstanding in that connection may I say that I attended in that committee during the forenoon and expressed myself with regard to his suggestion. I believed that it was something that I could support and that it should be sent on as a recommendation. However, I was not present when the vote was taken. The debate on the combines matter was going on in the house and I felt that I had some responsibility in that connection and could not be present when the vote in the committee was taken.

Having said that, there are one or two matters I should like to ask the minister about. I think the amendment does meet a situation about which there has been criticism over the years. Personally I have felt that some change along this line should be made and that as far as possible the aim should be to have the payments made on an individual basis.

At all times I have endeavoured to be fair and have said that I thought it would be impossible to make these payments on an individual basis without a substantial increase in the amounts presently deducted from the producers. In order to be in position to bring to the attention of the committee certain suggestions in connection with the Prairie Farm Assistance Act amendments, and to keep this matter non-political, I wrote to various municipalities in my constituency.

In the southern part of my constituency there are large areas which have had continuing drought such as was referred to a moment ago by the Minister of Agriculture. Year after year there have been crop failures such as the hon. member for Maple Creek referred to in his first speech in the house. These areas require consideration from all parts of Canada in order that the people living there may be assured that they will at least have an opportunity through assistance given under this act to prepare for the next year. The minister says, "Why don't they leave?"

Mr. Gardiner: I did not say that.

Mr. Diefenbaker: Words to that effect, or that something should be done to remove them.

Mr. Gardiner: I said that we should do something to resettle them, not necessarily that they should leave the district.

Mr. Diefenbaker: That something should be done. But while that thing is being done, and it has not been done—

Mr. Gardiner: A lot of it has.

Mr. Diefenbaker: —every consideration should be given to making the payments as nearly as possible on an individual basis. The minister has referred to the size of the farms in Saskatchewan, and what he says about the average size is correct. I should like to quote from the letter I received from the municipality of Willner. This reads:

> When the Prairie Farm Assistance Act first came into operation the average farm unit was about three-quarters of a section. It now appears that a farmer needs from one and a half to two sections if he is going to own a full line of power machinery. As a result of this the limit of 200 acres imposes a hardship on many farmers.

In that particular area the farms are fairly large in acreage and one complaint is that with the law as it is today the qualification requirements are such that they work an injustice on those who are farming the larger tracts. Generally speaking, the information from the municipalities, which I intend to bring to the attention of the minister, indicates that they believe that crop insurance is not possible because the premiums would be too high.

Mr. Gardiner: May I ask what is the largest town in Willner? I just want to find out.

Mr. Diefenbaker: I would say the largest farm—

Mr. Gardiner: The largest town.

Mr. Diefenbaker: Davidson is the largest town and, as the minister knows, farming

operations in that area are on a large scale. The usual letter is along the lines of the letter I received from the rural municipality of Rosedale at Hanley. The letter was submitted to the reeve and the councillors, and the council is of the opinion that the amount of the award should be substantially increased. There is the same recommendation from the rural municipality of Dufferin at Bethune. They set forth in their recommendation the amount of the increase, which is approximately $1 to $1.50 an acre. The rural municipality of Touchwood at the eastern end of the constituency, which is not affected to the same degree, suggests that the area of qualification be reduced to six sections, very much after the fashion of the amendment before the house. The rural municipality of Big Arm also asks that, so far as possible, the qualification be reduced to an individual basis. The rural municipality of McKillop at Strasbourg asks for an increase in the amount paid. In no case is the increase asked for an exorbitant amount. It runs from 50 cents to $1 an acre. These in general represent the consensus of the rural municipalities in an area that over the years has been subject to the danger of recurring drought. The only exception to that is the eastern area around Punnichy.

I pass on from there to a matter on which I have received correspondence as late as today. I should like the minister to answer a question that I will propound to him based on what is now taking place in the province of Saskatchewan. A series of mass meetings are being held during the present week, beginning on the 28th of November at Hodgeville and continuing in various parts of the province, regarding payments under the Prairie Farm Assistance Act. They are extensively advertised. The areas in the southern part of the province are those to which the minister made reference a moment ago when he gave statistics of certain townships that for a period of seven successive years had received payments under this act.

As I said a moment ago, these meetings have been extensively advertised in the press, and are given widespread publicity in the *Western Producer*. The situation in many of these areas of central and southern Saskatchewan is more serious than it has been since the days of the thirties when drought swept everything away except hope and determination on the part of those living there. These farmers are meeting together for the purpose of having some provision made by parliament for a temporary increase in benefits for this year under the Prairie Farm Assistance Act. Several farmers in different areas have written to me, apparently without collaboration, intimating that the government has under consideration the raising of benefits for this year under the Prairie Farm Assistance Act by $1 an acre under legislation to be introduced before the end of this session or at the next session of parliament. I should like the minister to say whether or not consideration is being given to an increase of $1 an acre, which would be most helpful at this time and would be uplifting to the spirit of these people, who find themselves today under the conditions that were so eloquently described by the hon. member for Maple Creek in a speech to which I have already made reference.

That is one of the matters coming before these meetings. Apparently those responsible for organizing them are doing so in a widespread area. The second thing they are asking is whether or not, having regard to the failures they have suffered, consideration is being given either under this act or outside it—I presume it would be within the purview of this act—to the supplying of farmers in these areas with seed wheat at reduced prices in order to enable them to carry on and face the next year with at least the opportunity of again challenging nature, as they do in these areas, by seeding crops in the springtime.

I know in my own constituency registered seed grain is being offered by municipalities at $2.40 a bushel. Prices are very high for seed barley. The farmers in these municipalities are asking whether or not, having regard to the fact that in these areas there is an emergency condition so great in scope as to merit national attention, the government has in mind the granting of either of the requests to which I have made reference. These are matters that transcend any consideration of party, or the location in the house which any hon. member occupies for the moment. They are matters which affect all members from Saskatchewan. As I see it, being a question of national moment inasmuch as the drought areas affect a population of 150,000 or 200,000 people, these are matters about which I am sure the people living in these areas would like to have some assurance from the Minister of Agriculture as to what is going to be done.

Mr. Quelch: Mr. Chairman, when the bill was discussed before on the motion for second reading, I expressed certain views on behalf of this group, and I may say that my views are just the same today as they were then, notwithstanding anything that took place in the standing committee on agriculture and colonization. I regret that I was unavoidably absent from that committee at the time the bill was being discussed. First of all I notice the minister takes exception to the suggestion

that the average size farm would be a section or more. He may be correct in so far as the provinces of Saskatchewan and Alberta generally are concerned, but it is not true as regards the area in Alberta coming under the act. For instance, three-quarters of my constituency comes under the act, and I would say the average size of the farms would be well over a section, and is more likely two or three sections. That is the area to which the act applies. We are not interested in areas in the province that do not come under the act.

Mr. Gardiner: May I ask my friend one question? Will he not admit when these farms are organized into much larger units those doing so eliminate themselves from the act? They do it quite deliberately.

Mr. Quelch: I did not get the minister's point.

Mr. Gardiner: The amount you can draw under the act is limited to 200 acres of cultivated land. When a man reorganizes his farm and extends it to cover two sections, he does so because he thinks he is going to be better off with two sections of land, in view of the conditions under which he is living. In other words he is assisting in the resettlement and reorganization of the area, just as the government is assisting; and he knows what he is doing when he does it.

Mr. Quelch: I did not say the average amount of cultivated acreage per farmer was more than a section; I said the average size of a farm is over a section. That would include a great deal of pasture land because, as the minister knows, in that area it often takes around two thousand acres of land to pasture sixty head of stock. But that farmer would still be eligible under the act for assistance on up to 200 acres.

Generally speaking, as I said on second reading, I think the P.F.A.A. is a good act. I think these amendments are going to improve it. On the other hand they do not remove some of the main criticisms we hear against it. I want to deal with the first two amendments contained in this bill. First is the amendment to section 7(a). Would the minister say the real purpose of this amendment is to deny the bonus to a farmer who has suffered crop failure within an eligible township? I think he will agree that is not the purpose, but that the purpose is to deny the bonus to a farmer in an eligible township who has over ten bushels to the acre.

Mr. Gardiner: Oh, no, it is not. It is to deny to a farmer in an area of six sections or more the right to come under the provisions of this act because of the fact that he is not living in an area which is now said to be in the same position as a full township in relation to all the terms of this legislation. He is living in an area where the average yield is more than eight bushels to the acre; that is why he is denied this assistance. It has nothing to do with his individual position.

Mr. Quelch: Nevertheless the yield in those six sections must be over ten bushels to the acre. As I pointed out on second reading, under this section farmers residing in an eligible township with a total crop failure have been denied the bonus, not because they were residing in a district where the yield was good but simply because they happened to be adjacent to a small block that had a good yield. Surely the minister must agree that a farmer residing in a township where 28 sections of land, we will say, have had a total crop failure should be considered as residing in an area where there has been a large degree of crop failure, and therefore should be entitled to the bonus. In that case the minister could not suggest that we are asking for the bonus for a farmer just because he happens to have a poor piece of land. That is the general condition. The yield on the six or nine sections is not to be taken as indicating the general condition in that township. If a farmer suffering a crop failure happens to be unfortunate enough to reside on one quarter of that six-section area, I should say he would be far more entitled to the bonus than the farmer who happened to have his farm adjacent to a small block of land where there was a crop failure.

I give the minister this example, which happened in the Rumsey area. A township had been declared eligible; then in one corner they found six sections with a yield of around twenty bushels to the acre. They could not take out those six sections because the minimum number was nine. So they added three sections that had practically a total crop failure, but still the average was above fourteen bushels. The minister must admit that it was hardly fair to include the other three sections. I took up the matter with the P.F.A. officials here, who said it was very unfortunate but that as the act was worded they had no alternative. Therefore I suggest that under this amendment those officials should be given power to use their discretion in determining whether or not certain sections should be denied the benefits of the act.

I noticed that in committee the assistant director under P.F.A.A. said this very seldom happened. Well, it seems to me that whenever it has happened it has been in my constituency, because several such cases have been drawn to my attention. I took up two of them with the officials here at Ottawa, but when I found I could not get anywhere I did

not bring any more up. However, I know of several instances in my constituency where this has happened, and I imagine it has happened elsewhere as well.

When this bill was being considered in committee the hon. member for Battle River moved this amendment:

> Notwithstanding anything contained in this section, no section of land having an average of less than eight bushels to the acre shall be denied the bonus in an eligible township.

That amendment was ruled out of order, and later was voted down as a recommendation; yet I am satisfied that a majority of the Liberal members from western Canada were in favour of it. I had been discussing it with them in the lobby and found that they approved it; but they found themselves, I suppose, in the unfortunate position of having to agree with the ruling of the government. How could anyone from western Canada disagree with that amendment? It is based upon a sound principle; it is fair, as I am sure the minister himself would be the first to agree. It would not provide for the payment of a bonus to a man just because he happened to have a piece of sandy land. It would provide the bonus to a farmer because a majority of the land in the township was in the same fix as his piece of land. It seems to me very unfair to deny the bonus just because a man happens to be adjacent to five other sections that have a high yield. Surely the fact that he is adjacent to thirty-one sections of land that had a crop failure should be a better argument for giving him the bonus; and on that basis it defeats the very argument made by the minister.

With respect to the amendment moved by the hon. member for Assiniboia, in committee, had I been there I would have supported it because it was an attempt to get away from that rectangle which the minister seems to love so much.

Mr. Gardiner: A section is a rectangle. You cannot have any other kind of farm in western Canada but a rectangle, no matter on what basis you put it.

Mr. Quelch: But you can have two or three of these sections which are not in a rectangular block. You could have five. Can the minister explain why six sections can be eligible, yet a block of seven may not be? It would be a bigger area. Surely an L-formation should be just as eligible as a rectangle. In my opinion the amendment of the hon. member for Assiniboia was good, because there again I am sure the minister would not argue that the amendment would put it on an individual basis. Under that amendment the section or sections would have to be adjacent to another block of land that had been declared eligible.

It is always hard to make a farmer understand why, when land on one side of the road allowance is eligible, he should be denied the bonus simply because he is on the other side of the township line. That is something the farmers cannot understand; yet in spite of these amendments that situation quite often arises. I suppose these amendments will go through in their present form, but I hope the minister will give this matter further consideration, to see whether or not the two points we have brought up can be taken into account. We are supporting the amendments because, as I said before, they go in the right direction; they improve the act, and though the amendments themselves may not go as far as we would like to see them go, as long as they are in the right direction we shall give them our support.

Mr. Gardiner: I think the last point brought up by the hon. member should be dealt with, because when this bill was drafted a year ago it contained a provision which would have met the requests that have been made by the hon. member for Assiniboia and the hon. member for Acadia. The meeting held in Regina a year ago last June, which was referred to in committee when this bill was under consideration, was attended by representatives of the three prairie provinces, and also by representatives of the municipal associations of those provinces. At that meeting these two amendments which are before the house were discussed, and also a third amendment. The third amendment was based upon the idea that the federal government is not the only government that is responsible for giving assistance to people who are in difficulties. The argument put forward was the argument that has so often been put forward in the house, namely, that when the responsibility was all on the province and Ottawa did not acknowledge any responsibility for the situations—and they did not down until a recent date—we did at one time say that until twenty-five municipalities were in difficulty in a province we would not take any responsibility. When twenty-five municipalities were in difficulty we considered that the problem was too big for the provincial governments, and then we would consider doing something about it. That was in the days before I came to Ottawa; but having been in the government of one of the provinces that suffered most, I know fairly well what was the position that was taken.

Then when it came to a matter of removing responsibility, we said right down until about the middle of the thirties that as soon

as it got down to the point where there were ten municipalities—not ten townships but ten municipalities, each of them having nine townships in it which need assistance—then the dominion government had nothing more to do with it and the provincial government and the municipalities had to take care of the whole problem. That was the practice prior to 1939. Then in 1939 we brought in this bill. At the time the bill was brought in we submitted the question to the provinces as to whether they desired to co-operate with us and pay some money into the fund, just as the federal government was paying money into the fund, in order to take care of all the persons that might be in difficulties in the area. All I can say at the moment is that in spite of the fact that it was not in all cases the same governments that are there now, the governments that were there then were not satisfied to enter into the plan on that basis. So what we did was to bring in this bill, and what we said in the house when we put it through was that we were going to ask the people of all Canada to help in making assistance payments in the full townships, and that the remainder of the area should be left to the provinces and the municipalities to take care of, as we thought that the district would be small enough then for them to take care of it.

Everyone here knows the history of it. The municipalities and the provinces did just what they nearly always do. They say: When once the dominion government get into a field of this kind they will eventually be forced to do it all, so we will just let them do it. I presume that is the attitude that has been taken, because I have met them many times and discussed the question with them. The last time we discussed it was a year ago last June at this meeting in Regina that I referred to. At that meeting the representatives of the provinces agreed that we should put in this act an amendment which would state, in effect, that the dominion government would be prepared to accept from each of the provinces a payment which would be proportionate to the amount of land that they were asking to have taken care of as against the amount of land that we were taking care of; and that if that were done, then they would recommend to us the taking in of these areas round about the areas eligible for payment, and having recommended that they be taken in, they would pay in their proportionate amount which, as has been stated by some of the members, would be small.

It has been argued that the amount the federal government would have to put in, in order to take care of these extras, is small as compared with the amount that we are now putting in. What we argued was that the amounts the provinces would put in under these circumstances would be very small as compared with the amount that we ourselves would be putting in. Then it was understood that this recommendation would be taken back to the governments of the three provinces and that they in due course would inform me as to whether or not they desired to have that amendment and whether or not they were prepared to carry on under it.

As I stated a moment ago, a bill with that provision in it was drafted a year ago; and since a year ago I have had letters from all three of the provinces saying that they were not prepared to recommend it or to carry on under it. That is the only reason it is not in here now. It could have been brought in and it would have been brought in for the purpose of making it possible to take care of the very areas that are being talked about. Some have said: Why not make it an L? If you make it an L, you will still have a township in the corner of the L, and in all probability everybody will come along and say it should be taken care of. It does not make any difference what form, shape or number you put in, there will always be that road allowance where the crop will be just about as bad on the other side as it is on this side. Our hope was to settle that question so that we would not have to explain to all the other people in Canada who are helping to pay for this assistance that they are not paying for it all, but that the province is also putting a certain amount of money in; and I still hold that is the only solution for the problem that is continuously put up by the hon. member for Acadia and by the hon. member for Assiniboia. I would suggest to both of them that they have much greater influence than I have with the governments back home. If they can just persuade those governments to allow the other amendment, which would have been the third amendment on this occasion if they had not objected to it, if they would just agree to that other amendment—and we do not think it would cost them a great deal—we will get rid of all those political speeches such as the one we heard a few moments ago.

I do not know that it is proper to take a division of opinion in a committee such as the one to which this bill was referred, bring it up here and say this member voted that way, the other member voted the other way, I voted so and so, and base an argument on that. Either it is right to do the thing that was suggested or it is wrong to do it. I think we are all prepared to argue this matter out

in the country in the same way as we argue it in the committee or as we argue it in the house. I do not know what other members have found but as for myself—and I naturally come in contact with this argument more than anyone else—I have never yet met with a group of farmers, either behind closed doors, or out in the open, who have not agreed, after the argument was all over, that the position I am taking now in this committee is the correct one and the one that I should continue to take, so as not to put before the house propositions which might be opposed by other parts of Canada because they are not reasonable. I think that these provinces should be prepared to come forward with a certain amount of money and put it into the treasury—and it would be small—and justify the position that other people are taking all over Canada. If they did so they would be making it possible to deal with the small blocks without compelling other parts of Canada to bear the entire burden.

Mr. Diefenbaker: I asked the minister some questions.

Mr. Gardiner: I am sorry, but I did not answer the questions of the hon. member for Lake Centre. The first question was as to whether any consideration was given to paying a dollar an acre more or some larger amount. Was that it?

Mr. Diefenbaker: Yes.

Mr. Gardiner: Consideration was given to that, of course, before these amendments were agreed to. But these amendments are the result of consideration given by the government. That is, we think this is the extent to which we should go at this time in any case in making amendments to this particular bill. That was done after discussing all the representations for higher amounts and every other representation that has been made. As for the length to which the government would have been prepared to go, I did not have the opportunity of testing them out fully on it because the provinces backed out of the arrangement we thought we had made a year ago last June, but I think we would have been permitted to go that far in amending the bill if there had been any point in doing so.

Mr. Diefenbaker: What does the minister mean by "that far"?

Mr. Gardiner: In making it possible to have taken in these areas that are around the edges of what is already in, by the provinces paying a small amount into the fund. What was the other question?

Mr. Diefenbaker: The other question referred to assistance in procuring seed grain.

Mr. Gardiner: It involves the same principle. This government has never intentionally provided seed grain to any of the western provinces or to any other province. We have had applications since I have been in the Department of Agriculture from I think every province in Canada for assistance in connection with the provision of seed, and we have always taken the position that that is a provincial responsibility. It is true that back in the thirties we assisted the provinces in getting lines of credit so that they could provide the seed, but the seed has always been provided by the provinces. We did get into some controversy when the credit was not being met by some provinces as to whether we should pay, and in some instances we probably did have to pay, but it was not intentional. There was no intentional action taken at any time by this government to provide seed. The action has always been taken by the provinces. We take the position that the direct relationship is farmer to municipality and municipality to the province. In connection with seed, up to now we have never gone by that in any of the provinces of Canada.

The other matter of providing assistance in other directions is looked at in this way. We have taken the position that the assistance which we give under prairie farm assistance is our share. This year it runs to some $17 million. The provinces have set up a plan to take care of providing seed, feed and other supplies to farmers. They tell me that they are paying, I think, half of the amount of the freight to those who are making demands in other directions. The provinces have said it is impossible to give assistance to the full amount that is being asked. We have replied that we think we are paying our share through P.F.A.A. Therefore I doubt very much whether when they are all through the provinces will have paid $17 million out in the undertaking. When they are all through they will still be quite short of paying out $17 million. In Saskatchewan about $3, and in Alberta it would probably be about $2, will be put up by the federal government for every $1 that is put up by the farmer. Therefore we think that of this amount we shall pay $3 for every $1 that the farmer puts up. For that reason we shall probably be putting up about two-thirds of the $17 million. I doubt very much whether the provinces will get anywhere near that amount in the assistance that they are giving. We are simply suggesting that there is a possibility of their giving more assistance, and they have not denied it at any time.

They discussed the question with us. We have turned it back to them with the suggestion that if they think any more is required the provinces ought to be able to pay it in view of the fact that the fund is putting up this $17 million. And that is the way the discussion has ended.

Mr. Knight: The minister referred to various meetings with farmers in the province in which he found the farmers in general agreement with him on this subject. I was going to suggest that perhaps his stand on this matter was not as definite at some of these meetings as it is in the house where he has responsibility. However, I did not rise to speak politically. I merely rose to back up the argument of my colleague, the hon. member for Assiniboia, who has said the things that I myself would have said if I had been as well qualified to say them, because this particular hon. member has an intimate knowledge of the subject. It is fitting, too, that I should follow, at least for a moment, the path of the hon. member for Lake Centre, because geographically I start where he leaves off. His constituency and mine join at the town of Hanley, which this year is in the middle of an area which is affected by the various disadvantages which have affected farmers this year.

I should like to back up the plea of these hon. members. From that point which I have mentioned the township line runs east and west. From Hanley we go straight up my constituency towards Saskatoon city through a part of the farm land which is so very seriously affected this year. It has been just one thing after another. No doubt the minister knows about the early frost in June which cut the wheat completely down to the ground. That might have been all right if it had been followed by rain which would have caused stooling out.

As the minister well knows, the crop in 1915 was one of the best crops we have had in the province of Saskatchewan. Unfortunately, this year, while it started out somewhat similarly, it did not follow the path that the weather followed in 1915. The rain did not come in the same quantities and so we had the condition that now obtains.

The next particular thing was the grasshopper. I remember driving from my town to the town of Dundurn once this summer and stopping in the car to let some of my family who were in it watch these grasshoppers cross the road by the million. I looked over the stations in both Dundurn and Hanley where the farmers were working night and day mixing the grasshopper poison and scattering it about the fields.

The districts up along the Beaver creek where the land is sandy are a particular problem. Whether or not people should make an attempt to farm that land is not my particular business here, but my plea is for some assistance to the people who are trying to eke out a living in that particular part of the country. This year these people will be almost wholly dependent upon the grants which they receive of $2.50 an acre if their yield is below four bushels of wheat to the acre and $1.50 per acre if the crops are from four to eight bushels.

I should like to join with my colleague who pleaded for more generous assistance, both in regard to the amount of money paid and in regard to bringing this grant to a more nearly individual basis.

I should like to draw the minister's attention to something that might solve part of this problem for that particular part of the country, namely, co-operative irrigation schemes which are being tried there, and which I think should have assistance both from the federal government and from the provincial government. I refer to projects where water is being pumped out of a branch of the south Saskatchewan river onto this flat land adjacent to the country east of Dundurn. I think that irrigation project could form a good testing ground for the later and larger irrigation scheme to which we have so long looked forward.

Mr. Fair: It is not my intention to take up many minutes of the time of the committee because what I wanted to say has been very well said by the hon. member for Acadia. I want to endorse his remarks wholeheartedly. A statement was made by the Minister of Agriculture on which I should like to get some more information, namely, the amendment that has been discussed by the provinces with him, and which he says they have recently refused to agree to. If the minister has a copy of that amendment perhaps he could read it to us and also tell us who have refused to agree with it. I feel that the request which I made to the committee the other day, and also the request which was made by the hon. member for Assiniboia, are reasonable and would relieve much of the dissatisfaction that exists at the present time.

On many occasions the minister has agreed to amendments being made to the Prairie Farm Assistance Act since it was first introduced in 1939. To a very large extent these amendments have done away with dissatisfaction with the act. There is one matter that has not been mentioned here today that I think should be mentioned, namely, the amount per acre below four bushels and

between four and eight bushels. At the present time we are receiving the same rate as when the act was brought into force. With present production costs the amount should be increased considerably because there is no relationship whatever between production costs today and those of ten years ago.

Because we have been asking for a settlement on an individual basis, and because we have agreed in the past to a reduction of the area, the minister may be able to convince his colleagues and also treasury board—I always have difficulty in remembering the name of that organization, because lately I have been thinking of them in different terms, which might not be parliamentary—that we should have what we have been asking for, and what we asked for in committee.

If the minister wishes to use the amendment I moved, members in this group would have no objection whatever. He would have our wholehearted support.

Mr. Diefenbaker: The minister replied to the two matters I brought to his attention. In regard to the emergency situation in Saskatchewan, apparently there is to be no increase in the amount per acre allowed under the Prairie Farm Assistance Act, nor any change in the policy heretofore existing whereby responsibilities in connection with seed wheat and seed grain rest upon the provinces.

I say no more than this, that the situation in Saskatchewan is serious. The number of acres subject to drought conditions approaches the darkest days of the thirties. While he was speaking I received from a farmer in that area a letter in which in part he says:

> As you know, our crop year is practically a total loss. Three years before this it was poor, also. We cannot see how to carry on. I have to buy all my feed and some seed. I cannot do it on a bonus of $500.

Apparently that is the sum represented by $2.50 per acre. He continues:

> I want to suggest that you point out to the members in the House of Commons how inadequate a bonus of $500—

That is, at $2.50 an acre—

> —is, now that the prices of things we have to buy are three times what they were when P.F.A.A. came into existence.

This letter is from Hawarden, Saskatchewan, dated November 28, and indicates, in summary, the feelings and fears of the farmers in my province, particularly in the southern part.

They are not unmindful of what parliament has done for them over the years; they realize what was done. However, their situation today is so serious that I do hope the minister will give reconsideration to the whole question of increasing the amount of the payment this year, under the Prairie Farm Assistance Act, as an emergency measure, and also doing something to co-operate with the province.

I am not now arguing as between dominion and provincial responsibilities. All I do is say what hon. members from all parts of Saskatchewan will say if they speak on the subject, particularly those members from the central and southern parts. They will say as I do that the situation is serious, that fear haunts the homes of the people there, and they are asking that something be done, whether it be by the dominion government or the provincial government.

Mr. Murray (Cariboo): May I offer a suggestion which may be of some value. Adjoining the boundary of British Columbia are many millions of acres of fertile and well-watered land not now occupied. It occurs to me that if there is a dustbowl in parts of Saskatchewan, where the farmers cannot grow more than five or six bushels to the acre, the minister might very well consider moving whole settlements of them up into northern British Columbia, where the land is available, where people can grow 50 or 60 bushels to the acre.

There is only one drawback, namely, that of transportation. I do say, however, it would be better to spend $17 million a year to provide highways and railways to the new, well-watered and fertile valleys of the Peace river country of British Columbia than $17 million a year handing out doles to farmers in drought areas in Saskatchewan.

Mr. Harrison: Mr. Chairman, the suggestion has been made from the opposite side of the house that possibly some members on the government side from Saskatchewan had been subjected to coercion in agreeing to the amendment contained in the bill now before us. Let me say on my own account that there was no coercion whatsoever. Indeed, I was one of the members from Saskatchewan who pressed upon the minister that this amendment be made.

I cannot agree entirely with what has been said by the hon. member for Assiniboia in suggesting that the one-section provision is the answer. A good reply to that was advanced by the minister, and I do not think I need add to it to any great extent.

I can understand that the hon. member for Assiniboia may be in a position where all his farmers come under the provisions of this legislation, and that therefore he is keenly interested from that standpoint. I would point out to him however that we are not all in that position. For instance, I happen to

be in a position quite similar to that of the minister, so that I have to look at both sides of the question.

Part of my constituency must of necessity require the benefits of this legislation. That is necessary if they are to continue farming. But there is another section in my constituency who would rather have the P.F.A.A. passed off into the limbo of forgotten things. When hon. members press for the individual basis I would urge them to consider that there is another side to the picture. There are other people who are not very keen about this, and if this were pressed right through to the last ditch it might end up by their losing what they have.

Mr. Argue: You would not oppose it, though, would you?

Mr. Harrison: The one section, do you mean?

Mr. Argue: You would not oppose it?

Mr. Harrison: I would in this respect, that I believe the minister is correct when he says that the province has some responsibility in the matter. The party opposite has been advertised and is well known in Saskatchewan particularly as a humanitarian party. If they believe in helping the individual—and that is humanitarianism—then I suggest they should put their system into practice. They would do well to urge some co-operation by way of effecting an agreement with the federal Minister of Agriculture, as he pointed out this afternoon. They would do well to look into such an agreement whereby individuals might be taken care of. That, it seems to me, is a much better system than the one of forcing the whole responsibility on the dominion government. As I say, it is not the responsibility of this government.

Mr. Argue: The hon. member has said that if certain members pursued the P.F.A.A. too far there might be certain farmers in his constituency who would oppose its extension.

Mr. Harrison: Not farmers in my constituency but members in this house as a whole.

Mr. Argue: I have asked the hon. member if he would oppose it.

Mr. Harrison: Oppose what?

Some hon. Members: Order.

Mr. Argue: Would you oppose the extension of the P.F.A.A.?

Some hon. Members: Order.

Mr. Studer: Mr. Chairman, those of us who are interested in the crop failure situation will be glad that the government has introduced these amendments to the Prairie Farm Assistance Act. These amendments have been discussed in committee. As I understand it, the intention of this bill is to iron out the inequalities that have existed in this crop failure plan in the years gone by. An effort is being made to benefit the greatest number of farmers without a system of individual payments.

As I understand it, if we had a system of individual payments, under our constitution, that would have to be the responsibility of the provinces. As it is, and as has been pointed out by the minister, the dominion government now makes a contribution toward assisting the provinces in fulfilling what might be their responsibilities in connection with crop failures in the various parts of the country. This amendment will make it possible to give assistance to more farmers who have little or no crops while fewer farmers who have crops will receive smaller payments than they have formerly received. I believe everyone will be in favour of having that situation continue. Almost 100 per cent of the farmers will come under this act after this particular amendment has been agreed to, and, if there is any way to bring in even more, there will be nothing in the world to stop this House of Commons from approving additional amendments next year or at some other time.

The hon. member for Assiniboia seems to be worrying about where the member for Maple Creek stands on this question. There should be no doubt about that whatsoever. I cannot remember a single meeting during my election campaign at which I did not state that there would not be a system of individual payments. The peculiar thing is, that I am here while the individual who said he was in favour of individual payments is not here. As has been pointed out, we want something with which all the people of Canada will agree. Why bring forward something that will create difficulty in other parts of the dominion, because after all, the whole dominion is contributing to these payments? Why bring up something with which all the people cannot agree, something that perhaps will take away some of these benefits?

I think the hon. member for Assiniboia will be doing the people in his constituency a favour if he considers all the aspects of this situation, instead of introducing just one thing that may bring in an additional vote for him. When I say an additional vote I am referring to the fact that he has placed on record the details of the vote in committee. I have no objection to that being done; it may be an improper thing to do, I do not know. If it is, I can assure the house that we are used to improper things being done in Saskatchewan as far as politics are concerned.

Mr. Argue: Mr. Chairman, on a question of privilege, I would point out that the report of the agriculture committee has been placed before this house and therefore it was entirely in order to quote from that report.

Mr. Studer: That is fine. I said I had no objection to anything being done and we will continue on that basis. I do not think anyone from the drought area can help agreeing with what the hon. member for Lake Centre has said, and what some of our C.C.F. friends have neglected to say, with regard to placing before this House of Commons full details of the dire needs of the people in these areas who have had successive crop failures.

I say again what I said some time ago, that some of these people are ready to move away when there is some place to which they can go. The hon. member for Cariboo referred to the productive lands in the Peace river area of British Columbia. I cannot recall any particular invitation having been extended to these people in Saskatchewan by the government of British Columbia, but if our people are invited to go there, I am sure some of them will consider that invitation.

Some of these people have suffered four, five, six or even more complete crop failures. With the cost of production as it is and comparing the situation with what existed in 1939 I think we can easily visualize the position of these people. They are looking to the dominion government for some consideration. They do not ask for anything when there has been only one crop failure; if I had a little crop last year and no crop this year, I know I can carry on. But where there has been a succession of complete crop failures I think the dominion government should come to the rescue. Saskatchewan is a "next year" country. Next year if conditions are right and these people can seed normal crops, who knows what contribution they will be able to make toward the welfare of our country, as has been amply proven in the past. I again ask the government to give every consideration to these people in the drought-stricken area.

Mr. Fair: Would the minister be good enough to place on the record the amendment which he said was suggested last year and to which certain people in the provinces refused to agree to this year, and at the same time tell us who those people are?

Mr. Gardiner: As I said when I was speaking, it really never got to the point where it was an amendment before the house and therefore I cannot put on record any amendment as such. The meaning of the proposal has been put on *Hansard* at least four or five times previous to last session. I think it has been put on the record every session that this question has been discussed since 1939. Every municipal association in western Canada to which I was writing has been given the details of this.

The proposal is that the provinces ought to pay at least a share into the fund which is created, first, by the farmers paying in and, second, by the dominion government paying in. Taking the whole area, the dominion government pays about $3 for every dollar paid by the farmers; in Saskatchewan they pay about $4 for each dollar; in Alberta, about $2 for each dollar; while in Manitoba the farmers pay considerably more than the dominion government. We have said that we think the provincial treasuries should subscribe something. We have told them that if they come along and ask us to take in the individual areas about which people are complaining all the time—that is an individual here and an individual there—if they will come along and suggest that those individuals should be brought under the act and will undertake to pay their proportion of the money involved, then we shall be quite prepared to administer the fund or pay into the fund and let them administer it so far as it affects those people.

That is what we have been saying for ten years and not one province has accepted it, no matter what government has been in power. It finally reached a point a year ago where we thought they had accepted it, but that acceptance was to be conveyed to me in the form of a letter from the governments when their representatives had explained it after going home. I do not know whether or not they explained that, but after waiting for six or seven months I wrote to the governments, explained the matter to them, indicated what had been discussed and agreed to, and asked them whether they had any objection to this amendment being put in the act and whether they would comply with it if it were put in. I got the answer from all three of the prairie governments, Manitoba, Saskatchewan and Alberta, that they did not want the amendment. These are the facts with regard to it, and I am simply suggesting if we want to take care, by means of this legislation, of all the people who are entitled to be taken care of because of drought conditions in the west, and desire at the same time that the provinces should shoulder their share, then we might do better to bring our pressure to bear upon the provincial governments, and get them to accept the idea contained in the amendment. I do not think it would cost them much money to pay them all, just as my friends say it would not cost

us much money, but it would at least acknowledge a principle which is to the effect that, where responsibility in the first instance rests upon the province, they should at least pay a part of the cost.

Mr. Wright: The minister stated there was a meeting of the officials of the provinces with the officials of his department concerning the amendment. Who are the officials involved in the conference?

Mr. Gardiner: The chief representative of the municipalities is now a member of this house. He was chairman of the committee on agriculture when this question was discussed the other day.

Mr. Wright: He was not there as a representative of the government.

Mr. Gardiner: He was there as the representative of the municipal organization of the three provinces. Mr. Campbell, now premier of Manitoba, was there. Mr. Nollet, minister of agriculture for the province of Saskatchewan, was there, and I believe also his deputy minister. There were similar representatives from Alberta. I am not able to name the individuals, but I can get that information from the record. It was representation at the same level from the province of Alberta, and I was there representing the dominion government.

Mr. Argue: Before the clause carries I should like to say one word. I want to disagree with the minister when he suggests that provincial governments should go into a crop failure insurance scheme. One of the things we have seen over the years in Canada is that every provincial government has more responsibilities than it has funds with which to adequately discharge them. The federal government has ample funds and should be increasing its responsibility rather than asking the provinces to do so. Therefore I would oppose any move by the government to try to drag the province of Alberta, the province of Saskatchewan or the province of Manitoba into a crop insurance scheme. I think it is time that the federal government accepted greater responsibility by way of increasing benefits under the Prairie Farm Assistance Act just the same as I think it should accept greater responsibility in other matters.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported, read the third time and passed.

[Mr. Gardiner.]

CANADA FORESTRY ACT

FOREST PROTECTION AND EXPERIMENT, CONTROL AND MANAGEMENT

The house resumed consideration of the motion of Mr. Gibson (Hamilton West) for the second reading of Bill No. 62, respecting forest conservation.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, at one o'clock I had just been speaking of the nature of the forest fires we have been experiencing in this country, and I was pointing out the different types of fires that are encountered. The largest percentage of fires is caused by carelessness of some kind. That carelessness is not something which simply affects the people who may be immediately in contact with whoever has been careless; the consequences may be very far-reaching.

While we are dealing with the bill before us at the present time, I should like to take this occasion to make the suggestion that consideration should be given to an amendment to the Criminal Code to provide adequate penalties for those who carelessly start these fires. At the present time section 513 of the Criminal Code provides penalties for those who wilfully set fire to forests or to other areas, but I believe the penalties connected with this type of carelessness should go beyond wilfully setting fire to forest areas. In the case of people carrying firearms penalties are provided for those who handle weapons recklessly or in such a way that damage may be caused as the natural or reasonable result. As to forest fires, the extent of the damage that may be caused in this way, and the actual threat to life as well, is so great that in examining the whole problem I think consideration should be given to a provision under which people could be adequately punished where there was actual reckless disregard of the safety of the forests, and consequently the safety of other people and of immensely important property.

I mention fires because this is a particular field in which there can be effective co-operation between the dominion and provincial governments. I doubt if there is any single problem connected with our forests today in which there is such a wide divergence between the different provinces as to the facilities available for fire protection under the control of the provincial departments. Under such agreements as may be worked out within the terms of the bill, there are possibilities that I should like to place before the minister which I think may have far-reaching results in dealing with this great problem.

At the present time some provinces have extensive arrangements for constant supervision of the forest areas by means of air patrol. Some have no such arrangements at all. The fire hazard varies, of course, in different provinces according to the type and concentration of the forest areas, but in every province there are areas which require supervision. The cost of maintaining and servicing an adequate air fleet for this purpose is undoubtedly too great for some provinces; and if there is to be provision for air patrol worked out by arrangement between the dominion government and the provinces, then I suggest that consideration be given the possibility of a general plan of air supervision which might be provided in co-operation with the Royal Canadian Air Force. The type of flying that would be done undoubtedly would provide excellent training for many pilots over those areas where they might be called upon to fly under service conditions. At the present time the Royal Canadian Air Force is doing mapping in some of the northern parts of the country. That work, and the type of skill required, would be somewhat similar to air patrols such as I have mentioned, and I believe consideration might well be given to having this type of work done under arrangement with the provinces by one organization that would be brought into service in this way.

Two types of air service are required to do an effective job. One is the constant watch for the outbreak of fire; the other is the actual fighting of the fire once it is discovered. Once a fire has been discovered it is of the utmost importance that aircraft be available, heavy enough to carry to the area as quickly as possible fire-fighting equipment such as pumps and many other items, together with men to fight the blaze. In the discussion of this subject I think consideration might well be given to the organization of two separate groups, one of which would carry out patrols for the purpose of spotting fires as soon as they occurred, the other an organization which for want of a better word might be called air commandos, who would be ready to go into any area and be dropped by parachute with pumps and various other fire-fighting equipment which would enable them to deal with a fire at the earliest possible moment.

I mentioned the different causes of forest fires for a particular reason, in addition to my desire to emphasize the carelessness that causes many of them. I think many hon. members will be surprised to learn the high percentage of fires caused by lightning. Almost invariably those fires start on high, inaccessible ground, which is where lightning usually strikes. Often these fires will start in old, dry stumps on top of a hill, which may be some considerable distance from the nearest place where water may be pumped by hose. It may take a considerable time to reach that point, and in the time it takes men to get there the fire may gain considerable headway, particularly if the forest is dry and a wind is blowing. This suggests the use of equipment with which it would be difficult for any single province to carry out the necessary experiments at the present time. I believe there would be a great chance of stopping many fires before they spread too far if we had an adequate number of helicopters well placed across the country, so that when a fire was spotted on inaccessible high ground a helicopter could go in and drop men, or perhaps put out the fire itself by the use of chemical bombs. Successful experiments already have been carried out along this line, which have demonstrated that a great deal can be done in this way. The employment of modern methods like these, however, require a much larger airborne fire-fighting force than can be maintained by any single province, and I should think this would be one of the most useful fields of discussion when dealing with this problem on a broad basis.

Another field for co-operation, in which the association between the dominion and provincial governments can be very useful, is in the inventory of forest areas by aerial photography. At the present time the province of Ontario has almost completed such an inventory of its total forest area through a system of photography similar to that carried out in mapping operations. Together with the necessary ground examination, this makes it possible to get an exact inventory of the amount of timber of every kind available for development. At the present time there is an agreement between the federal department and the department of lands and forests in Ontario under which the provincial government is doing the actual air photography and those photographs are being turned over to the dominion government, which is producing them in the form of maps that will provide all the essential information from which a complete inventory can be made. That, I should think, would be extremely useful in every province of Canada.

The other field in which co-operation can be most effective is that of research. Tremendous damage has been done our forests through insect infestation on a very large scale. It may be a question as to whether these insect epidemics have not caused as much damage as fire itself. Throughout the Gaspe peninsula today, for instance, you can see dead birch trees which obviously have

been killed by insect infestation. Throughout great stretches of Ontario you can see dead spruce which have been killed by spruce budworm infestation. In other parts of Canada other types of trees have been killed by other insects, such as the sawfly. There is a great opportunity for research in that field.

As a layman, I cannot help wondering whether some of these things are not the result of the unbalance that man creates in nature. I cannot help wondering whether nature does not step in when one type of tree is taken out and other types are left standing; because you generally see these epidemics start in areas in which particular types have been heavily cut. It may well be that this is simply an expression of nature's attempt to restore the balance of trees which originally grew in those areas.

In any event, whatever the background is, these epidemics are recurring ones. The recent spruce budworm epidemic was not the first we have had. We have had serious epidemics in recurring periods for many years. There have been other epidemics as well. If through the research that is being carried out, and which the minister indicates is to be extended by co-operation with the provincial department, these epidemics can be stopped, many millions of dollars' worth of valuable timber will be saved; but what is more, the basis of employment of many thousands of men will also be preserved as a result of that research.

It will not be the role of the department to deal directly with such matters as types of cutting and things of that kind because those are essentially under the provincial governments. Nevertheless, the matter will come up for discussion because the type of cutting and the way in which the slash is left will have a bearing on fire protection and on the other things that will undoubtedly come under the joint supervision of the various governments.

In dealing with this question it is essential that real education in regard to the forest problem be given to our people generally throughout the whole country. Much of what is said publicly is often based upon some particular interest. I can recall some of the strongest statements made upon forest conservation by those who had a direct interest in some particular type of forest exploitation. I know that some of the most appealing statements in regard to preventing some particular type of cutting in favour of another type of cutting have been put forward by the worst timber pirates we had in this country. I mention this fact in connection with this measure because it is extraordinary the attention that is sometimes paid to statements which are made by those who have a particular axe to grind. I know that those who live in the forest areas have had some experience in this respect.

On the other hand, there are those who are earnestly trying to deal with this problem. The minister has mentioned the important contributions which have been made to an understanding of this vital question, including the report prepared by General Kennedy dealing with this subject in the province of Ontario and the report prepared by Chief Justice Sloan in British Columbia, dealing with the problems in that province. Each of those reports applies fairly generally to the whole problem throughout Canada. By co-operation, many of the recommendations that are put forward in those reports can be carried out across Canada under agencies that might be set up through the joint action of these governments.

I should just like to repeat that I believe one of the greatest opportunities presented by this bill is that of working out a system of adequate air supervision of our forest areas and the setting up of a highly-organized, mobile force of air commandos who will be able to go into any area that is threatened, without any regard to provincial boundaries and who, upon the report by the wireless of the district of a fire that requires attention of this kind, will be able to bring men from strategic points in that area and deal with it before it has spread out and become a menace to the standing timber which is of immense value to our economic future, or before it threatens or in fact destroys whole communities, as they have been destroyed in the past.

I should think this bill would commend itself to every hon. member. Employed in a spirit of co-operation with the provincial governments across Canada, this bill may be the beginning of a solution to a problem which has been causing great concern to everyone. If an effective method of dealing with fire and an effective method of dealing with these epidemics can be worked out, then we can really hope for the ideal of a perpetual supply of forest products for the industries that are based on that great source of raw material.

Mr. Angus MacInnis (Vancouver East): When we were debating this measure in the resolution stage, Mr. Speaker, as was quite proper, nearly all of the members from British Columbia took part in the debate. I did not do so at that time, partly because so many spoke and partly because I knew there would be another opportunity. As the leader of the opposition (Mr. Drew) has said, this is a measure which is welcomed by every member of this house; and the greater the understanding that hon. members have of what

forests mean to Canada and of what the liquidation of those forests means, no matter how that liquidation may take place, the more they will welcome the measure.

If I may say so without having the minister think that I am being critical, this is indeed a measure that is long overdue. I am not saying this to criticize the minister now for bringing in the measure or to suggest that he or the government were delinquent in their duty in not bringing it in before. If there is blame, I imagine it is blame we must all share.

Perhaps the people of no other country in the world inherited so vast a forest wealth as the first people who came to this country. In every province from the Atlantic to the Pacific there was a great deal of forest land. Perhaps the magnitude of our forests is some excuse for our disregard of its protection. When our ancestors came to this country and settled in the Atlantic provinces, and in the two central provinces, the forest was indeed considered an enemy. It was something that had to be subdued or destroyed before they could begin to make their clearings on which they expected to produce the food necessary for their existence. The unfortunate part of it is that this attitude remained long after the time when there was sufficient land available for the growing of food.

As I said, every province had its forest wealth. Every province, too, has large areas that are unsuitable for producing anything but forests. This is even true of my own native province of Prince Edward Island, where perhaps every acre can be cultivated. Yet, even in that province, large areas of land are so poor that they should never have been cleared of trees. Many of these sections are now reverting to forests because the land has been left fallow. In my opinion one of the first things that should be undertaken under this measure is a survey to ascertain the land that is suitable for the growing or production of nothing else but forest of some kind.

All provinces have an interest in forest conservation. But my own province of British Columbia has the greatest interest in conservation, as I shall show in a moment. In that province a very small amount of the land area is suitable for agricultural production. A few years ago I saw a report of a speech by the chief forester of British Columbia. He referred to forest surveys that were made during the past thirty-five or forty years. The first survey was about 1910, and the forest cut at the time was about one billion board feet, and it was estimated that we had a forest reserve sufficient to last us for three hundred years. In another ten or fifteen years another survey was made and at that time we were cutting about two billion board feet a year, and the estimated duration of the forest reserve had dropped in the interval to about a hundred and fifty years. Shortly after that we had another survey made and the annual cut had risen to about three billion board feet and the reserve had dropped to between thirty and fifty years. That indicates the terrific pace at which the forests of British Columbia have been, and up to the present time are being, liquidated. That is one of the things that I hope this measure will put an end to.

I do not exactly know how they measure it, but the total land area in British Columbia is said to be about 234 million acres. In figures that I received from the department of lands and forests the land has been classified as follows: About 75 million acres, or one-third of the total area, is good forest land. About another 82 million acres, approximately another third, is scrub forest land. Then there is another third, about 72 million acres, which is mountain top, barren, swamp and water. What I should like hon. members to note is that out of that total area of 234 million acres only 4·7 million acres is agricultural land, about 2 per cent of the total. It is no wonder then that the people of British Columbia are what one might call forest conscious. We realize the importance of the forests to us and how essential our forests are to the well-being of our people.

However, despite the importance of our forests to our people, up until recent years we have squandered them with reckless abandon. In that regard I do not suppose we have been any more prodigal with our forest reserves than the other provinces. But there is this difference: after our forest is taken away we are not as fortunate as some other provinces. With us there is no arable land left that can be used for the growing of food.

Since Chief Justice Sloan made the report referred to this morning by the minister, a start has been made to change from this rapid liquidation and substitute for it a plan of forest control. How effective it will be I do not know. One of the difficulties suggested to me by people who ought to know is the large amount of money required for the various aspects of conservation. So far as the provincial government is concerned, the revenue they receive from forests is direct and it shows up, as the saying is, like a sore thumb. But the federal government gets several times as much revenue out of the forests of British Columbia in an indirect way, such as income and corporation taxes. I am bound to say, however, that during the last few years the provincial government, even by direct means, should have got more

of the forest wealth than they did. These figures before me, and they are authentic, show an increase in the value of forest products from $88 million in 1939 to $364 million in 1948. I am satisfied that if the provincial government had gone about it they could have obtained a larger amount of money directly for forest conservation than they did obtain, and particularly in the last few years.

I would hope that through this measure British Columbia would receive through the federal government a portion of the large amount of revenue which comes from the exploitation of the forest wealth of that province. I think I need say nothing further. When I first thought of speaking I had thought I would make a more extended speech. But much of what I intended to say has been said by members who have preceded me, and some of it by the minister himself. I would conclude by saying that I hope the minister now in charge of the bill, or whatever minister may be in charge of it, will take seriously this matter of forest conservation. I hope he will realize that we have not much time, and that the process of rehabilitation, even when carried out with energy, is going to be a long, tedious and expensive task.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I was happy to hear the leader of the opposition (Mr. Drew) say that the bill should commend itself to every member in the house. I would say it does much more than that; it commends itself to everyone outside the house who knows anything about our forests and their requirements.

Since the bill was introduced I have received many letters from the lakehead, especially from Fort William, commending the minister upon having introduced the bill. While one letter did say that it should have been brought in twenty-five years ago, the minister is not responsible for that because he was not here at that time. He is here now, and he has measured up to his job.

Forestry graduates in Fort William have made some suggestions which, I believe, should receive the consideration of the minister. At the lakehead we have three large pulp and paper mills east of Port Arthur, two in Port Arthur and two in Fort William, one of which is the largest paper mill in the world.

Mr. Cruickshank: Oh no.

Mr. McIvor: That may be going a long way, but it happens to be true. We believe that suggestions from that area should be heeded. The chief of these suggestions is that we should have an experimental station in the area of the lakehead, and a committee to gather data which could be sent on to the minister. They commend the minister for the details of the bill. We will back him to the limit, and give him all the details we can. However, the sooner this bill is passed, the better.

Mr. Ray Thomas (Wetaskiwin): Mr. Speaker, I shall take only a few moments to draw your attention to the program of reforestation already carried out, which I do not believe has received proper recognition by the house.

Last spring we welcomed Newfoundland to the Dominion of Canada. In the reading room of the House of Commons we see on the the walls the design of a tree which represents the former nine provinces, and the Yukon. I submit another tree should be planted in that forest that is Canada, so that Newfoundland may have the recognition that is her due.

May I offer my congratulations to the minister upon the introduction of the bill. While it may be late, it is not too late. It has been estimated that the fire and insect loss to forests in Canada runs to something like 800 million cubic feet a year. It has also been estimated that the wastage from logging and sawmill industry operations runs to something over 900 million cubic feet a year, which is greater than the fire and insect loss.

Something should be done to control the wastage brought about by these industries. I cannot add much to the debate, because it seems to me practically everything has been said. The program of reforestation is vital to the agricultural areas of western Canada. Experiments have been carried out in the United States where they placed a line of timber across the dustbowl, as a result of which it was found that the lands in that area have not only been brought back into production but the flood hazards of the Mississippi have been lessened.

I believe we would do well to use the Scandinavian countries and Germany as a model in any reforestation program we might undertake. In addition to the wastage of valuable timber land each year, we must also consider the wildlife in those forests. The trapping industry in Canada is something over $20 million a year, and hunting and trapping licences bring in a revenue of about $4 million, with the additional $100 million from tourist traffic.

With all these in mind I submit the following items should be considered:

Surveys should be carried out to increase our knowledge of the forest inventory. This could be done both on the ground and by aircraft.

Sustained yield forest management should be applied.

Further efforts should be made to control loss by fire, insects and disease.

Forest operators should be rigidly controlled and allowed to cut only mature trees.

An extensive reforestation program should be enforced and attempts made to cut down sawmill waste.

An educational program should be instituted to encourage a greater feeling of responsibility on the part of the public.

This is all I have to say at the present time, but I do want to congratulate the minister and say that I hope this is only a beginning of greater co-operation in this respect between the dominion and provincial governments.

Mr. C. W. Hodgson (Victoria, Ont.): Mr. Speaker, first may I say that I think this bill is timely; in fact I think that someone should have had the foresight to have introduced a bill of this nature into this house some thirty years ago. Thirty years ago last February I started some timber operations of my own. Shortly afterward the industry ran into a slump and certain areas were not cut to the extent that we ordinarily would have cut. Many of the trees were considered to be too small to cut. I happened to get the deed to a small area and it might be interesting to hon. members to know that since that time I have taken off two crops of timber. We kept out the fire and we did not cut too small and therefore were able to do that.

Under the regulations governing timber permits in Ontario you cannot cut under thirteen inches at the stump, six inches at the top and a two-log tree. I think those are good regulations and if they are carried out my experience is that you will be able to crop each timber berth about every 25 years.

Forest protection and conservation is not just a matter of keeping out fire or planting new trees. Many other things enter into this matter, such as water conservation. The public should be educated to a greater extent in fire prevention, timber conservation and so on. A reforestation plan is being carried out in my own area and a number of the operators have been planting trees during the past few years. The provincial government has made a practice of plowing up the ground before planting new trees, but my experience has been that the trees grow better when planted in underbrush or where there are smaller trees. Some means should be devised under this legislation, probably next year or the year after, for taking over certain areas that have been cut and replanting them rather than clearing up fields for replanting.

It is necessary that we retain our forests if we are to conserve our water. The levels of lake Michigan, lake Huron and Georgian bay are down some 20 feet. Some people blame this on the Chicago water steal, but in my opinion the water just is not coming from the inland lakes. In my country the inland lakes are not filling up as they used to, and the levels of the streams are getting lower each year. The great concrete dams that were built, I suppose by the Department of Public Works, a number of years ago are not filling up. I am reminded of the farmer who died and left his son with a good farm and large buildings. But the son did not take care of the farm and soon he had no grain to put in his barns. That is what has happened to these dams that were built many years ago. I know of many small streams in which speckled trout used to be found but today they dry up in the summer. This is especially true in those areas which have been cut over, where too small trees have been cut or where fire has prevailed.

The minister stated that there are five laboratories in operation, but apparently they have been lax in their operations or perhaps they did not have sufficient equipment. Some 20 years ago all the tamarack in this country died and no one knew why, and no one knows yet why that happened. In the last two or three years our balsam trees have been dying. As you drive along the highway you will notice them all red. Neither the dominion nor the provincial laboratories have been able to tell us whether this is due to a grub or to a disease.

Then we have the sawfly menace, the budworm menace and the pinworm menace, and so far we have received very few facts about these dangers to our timber. The pinworm bores a hole just about the size of a pin, hence its name, but it operates in sawn lumber as well as in trees. In an effort to counteract this the lumbermen use a poisonous dip but this affects the hands of the workers, especially if they have become scratched. I do not know the best way to handle this, but I think the dominion government should work with the provinces and develop a program of reforestation and research.

This legislation is a step in the right direction and if properly followed up can prove to be a major step, not only in the conservation but in the development of the resources

of this country. In addition to what is provided by this legislation, efforts should be extended by all governments to align public opinion behind a forestry conservation program. The agricultural and hydro-power development industries of this nation have a vital stake in the forests of the country. Although only indirectly related to forestry, these industries are directly affected by any disturbance of the natural balance of the soil vegetation and water levels. The interdependence of a sound forest conservation program and the progress of electric power development in this country in itself justifies the provisions of this legislation.

In addition to conservation I should like to see the government next year—if not next year, as soon as possible—by means of the research facilities which it now possesses extend greatly the research in the field of greater utilization of the so-called weed species. There exists today a big field for the greater utilization of logging and saw mill waste. In the ordinary saw mill operation sawdust represents six to eight per cent of the timber handled. Then the timber blocks and other waste must be taken care of. Many mills in Ontario, and I think this applies to British Columbia and some parts of Quebec, burn all the slabs produced. The use of electricity and gas has reduced the use of slabs for home use, and today they are being either buried or burned.

At the present time I believe there is a shortage of trees for planting on waste farm lands in some areas of Canada. I know this to be a fact in Ontario because in planting trees myself each year I have not been able to secure enough from the forestry department of the province to plant the number of trees I would have liked to. I have been getting quite a few, however, and probably they are developing more, although I do not know. I suggest to the minister that some plan of that sort should be worked out in conjunction with the provinces, or by the dominion alone. As public opinion becomes more conservation conscious, it is only natural to expect the demand for young trees will increase, and I suggest early action be taken to assure an adequate supply of trees for reforestation.

Aside from secondary incomes derived from the forests by means of trapping, tourist trade and water power, this industry yields in excess of a billion dollars annually. Unfortunately the amount of money put back into the industry to conserve these resources has been very little. I should like this legislation to be a forerunner of action that will result in $50 million a year being put back into the industry by the federal and provincial governments, and the industries directly and indirectly concerned. That is all I have to say on the bill at the present time. I am very much in favour of it.

Mr. W. F. Carroll (Inverness-Richmond): Mr. Speaker, I shall take only a moment. It has been said that this legislation is twenty-five or thirty years overdue. I suggest the knowledge that has been given to us in the house today in connection with this measure is four thousand years too late. If the inhabitants of the world four thousand years ago had known the extent to which wood could be utilized for the maintenance and supply of so many things we require, we would not have very much difficulty in the world today so far as our economics, our clothing, our food and our shelter are concerned. The section of the bill that intrigues me is that part which provides that the governor in council may establish and maintain laboratories for the better utilization of forest products. I want to bring to the attention of the minister and his technicians, perhaps more to them than anyone else, a statement which I found a few days ago in a book entitled "The Coming Age of Wood". It reads:

> Wood is inexhaustible. The forest is not a mine that eventually will be depleted, but a crop land. Provided—

The emphasis is on the proviso.

> —trees are harvested as a crop and the forest is sustained by proper management, wood will forever yield all the material the human race can conceivably require.

The author undertakes to prove the proposition which he enunciates in the first chapter. He certainly does so to my satisfaction, and I believe to the satisfaction of any person who may care to investigate the book.

Mr. A. J. Brooks (Royal): Mr. Speaker, it is not my intention to take up much of the time of the house in discussing this subject. I think everyone approves of the bill and is in accord with its principles. Coming as I do from the province of New Brunswick, we are naturally very much interested in lumbering and forestry conservation. Lumbering is one of our most important industries, and when it is not in a prosperous condition the people of New Brunswick are not prosperous. The enemies of forestry conservation have been mentioned, and I think probably man could be named as the first. I think he has done more to destroy the forests of Canada, as he has in other lands, than all the budworms and other pests that we could mention. Nevertheless I am sure he is slowly learning the necessity of conserving this great gift.

Some forty-five or fifty years ago it was realized in our educational institutions, and particularly in the university of New Brunswick, that it was necessary that people should

receive more education so far as forestry is concerned. At the university of New Brunswick in the city of Fredericton, we established the first forestry school in Canada. That school has prospered for the last forty-five years. Graduates from the university of New Brunswick have gone to all parts of Canada, the United States and many parts of Europe to assist in the work of reforestation and the spreading of a general knowledge of forestry.

One of the members from British Columbia spoke a few minutes ago about the chief forester of that province. The first chief forester of the province of British Columbia, Mr. Caverhill, was a graduate of the university of New Brunswick. The present chief forester of British Columbia, Mr. Orchard, is also a graduate of the same university. I say these things to indicate the work that has been done. I might also say that the firm of Price Brothers of the province of Quebec, a large lumber concern, for the past number of years has been giving scholarships at the forestry school and sending students to that university. Just last year five scholarships were given in Great Britain for forestry training, and the students were sent to the university of New Brunswick.

I quite agree with what the leader of the opposition (Mr. Drew) said this afternoon, that it is most difficult for the smaller provinces to properly protect their forests from fires. I think the suggestion he made that we might use aeroplanes and helicopters is a good one. In many parts of the province of New Brunswick we have now established fire towers, and they have been of great benefit in spotting fires and directing fire fighters to the vicinity in a short time. I also think further education is needed. I was greatly interested a short time ago to read in the February number of a publication issued by the Canadian Forestry Association an article suggesting that more Canadian films should be used to educate our people in forest conservation and similar matters. The article reads:

> Motion pictures as an aid to forestry education are an important medium employed by the Canadian Forestry Association. During 1948, Canadian Forestry Association's own motion picture and lecture tours, its film libraries and co-operative tours recorded an attendance in all Canadian provinces of 400,000 men, women and youths, French and English.

They go on to say:

> It is regrettable to report that all the major motion pictures, in the 1948 program, dealing with forest management, forest protection, soil erosion, water and wild life were purchased by Canadian Forestry Association in the United States and adapted (and translated for Quebec) in Canada.
>
> The principal producer of forest conservation films on this continent is the United States department of agriculture.

This article goes on to suggest that the Canadian film board might very properly take a prominent part in the production of such films. I offer that to the minister as a suggestion which I believe should be given careful consideration.

I was interested in the remarks of the last speaker and also those of the hon. member for Victoria, Ont. (Mr. Hodgson) with respect to the use of lumber by-products such as sawdust, slabs and so on. I should like to direct attention to the efforts in this connection of a former member of this house, Mr. J. L. O'Brien, in Northumberland county, New Brunswick. Mr. O'Brien has installed equipment and developed a process at his plant on the Miramichi river by means of which not only the sawdust but the slabs and even the bark are used. In other words he is using one hundred per cent of the log. This is more or less of an experiment, on which Mr. O'Brien is spending a good deal of his own money, but he believes it will be successful. If such a method can be developed by him I am sure it can be used in the industry right across Canada. It is interesting to note that in the past only fifty per cent of a log has been used, with the slabs, the sawdust and the waste making up the other fifty per cent. That is a tremendous loss, which I hope may be eliminated as a result of the work of the organizations being set up under this legislation.

Mr. G. A. Cruickshank (Fraser Valley): I should like to say a word on this matter, Mr. Speaker, and I shall try to conclude before six o'clock. Strangely enough the largest logging camp in the British empire happens to be in my riding, which is a rural constituency. The largest cedar mill is also there. But that is not what I rose to say.

Mr. Stuart (Charlotte): Why do you say it, then?

Mr. Cruickshank: When an hon. member from the maritimes, who is afraid to say anything unless he is going to gain something out of it, is prepared to stand in his place and talk as I am talking, I will sit down for him, but not until then. I believe the Prime Minister (Mr. St. Laurent) and the leader of the opposition (Mr. Drew) will agree when I say that the man who has done most for forest conservation in British Columbia is Hon. T. D. Pattullo, a former minister of mines and for twenty years premier of that province, who I am proud to say is celebrating his golden wedding anniversary today.

I do not always agree with my socialist friends, as I probably shall not agree with them tonight. I do not always agree with

some of the leaders in the lumber industry, but I want to assure you, Mr. Speaker, that though we admit we are twenty-five or thirty years late we believe we in British Columbia lead in forest conservation; and for once I want to speak for private industry. No one in Canada is doing more for forest conservation today than Mr. H. R. MacMillan, of British Columbia, who is doing it with his own money.

I want to congratulate the minister on this bill, which I think is excellent. I believe the idea is right. After all—and I hope some of my fish friends from the maritimes will listen to this—our forests are one of the greatest assets of the country. During the war fifty-five per cent of the lumber that England required so badly came from British Columbia; put that in your pipe and smoke it. I do not mind these interruptions from someone who knows what he is talking about, but I did want to get this off my chest. British Columbia is very proud of what it is doing now. We welcome any assistance we may obtain from the federal government, and again I want to pay my respects to the former premier of that province, who had so much to do with forest conservation.

Mr. Herridge: I should like to move the adjournment of the debate.

Mr. Fournier (Hull): If I may make a suggestion, in committee on the first section there is usually a general discussion. The discussion on the motion for second reading has been going on for some time, and I wondered if the hon. gentleman would permit us to get into committee and make his remarks on the first section of the bill.

Mr. Herridge: Yes, if it is understood that I may speak generally.

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

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

On section 1—*Short title.*

Mr. Herridge: I take the time of the committee, Mr. Chairman, to speak at this point on this bill because I represent a large number of people who have been particularly interested and concerned with forest conservation for a considerable period of years; in fact I represent a number of people who have led the way in British Columbia in advocating forest conservation principles. I am also rather anxious to make a few remarks and present a few of my ideas to the committee on this bill because I myself have been particularly interested—I should say that it has been a hobby of mine since 1909—in the preservation of a tract of timber and its operation on a permanent yield basis.

I have read this bill carefully and I am pleased to note that it contains some substance and provides the machinery for this government to do something effective in the future in the field of forest conservation. In passing I must say that I listened with great interest this morning to the minister's statement on the second reading of this bill and was pleased indeed to hear in that statement of the intentions of the government and of its plans in connection with this bill.

Some people are considered to be patriots because they wave the flag and make a show by outward and visible demonstration of their loyalty to a country. But in my opinion a person who makes every effort to see that the actual resources of a country are preserved, in forests, in soil and in water, is fulfilling one of the first requirements of being a patriot and a true citizen.

Since the resolution was first introduced I find that support for this bill is widespread. I have had a number of letters from constituents who are interested in the forest industry and who have expressed great pleasure at seeing this bill come before the house. In reading the press and various magazines I have also noticed that there is a great deal of outspoken support for the government's purpose as expressed in this bill.

In dealing with this question of the conservation of our forests, we have three important questions to ask: What is our present position, what is our objective, and how can we attain that objective? Before making a few personal suggestions as a result of experience in British Columbia, I am first of all going to deal briefly with the situation as it is in that province, because naturally I am better informed on conditions there than on conditions elsewhere; and having been a member of the provincial legislature of British Columbia for some years, I have followed with great interest the work and have had quite a close association with some of the forestry officials of that province.

In order to proceed with my argument I find myself repeating three sets of figures that were given by a previous member, but I do so in order to give a true picture while speaking at this time. We find that the total

land area of British Columbia is 234,403,000 acres. The land area capable of producing commercial timber is about 75 million acres, although included in that figure is some land that might only produce marginal timber. The area of land which is incapable of producing commercial timber is 154,678,000 acres; agricultural land, 4,702,000 acres. That means that we have 32 per cent of the total area which is capable of producing timber of some type; 66 per cent is incapable of producing commercial timber and 2 per cent of the land area of British Columbia is suitable for agricultural purposes. From those figures hon. members can clearly understand the great importance of the forest industry to British Columbia.

From the latest figures I have been able to obtain, it is estimated that there is at present 280 billion feet of accessible timber in British Columbia. When I say "accessible", that is a rather relative term because it changed with the introduction of machinery. By that I mean timber that can be taken out with modern equipment at a profit at this time. Timber which is now accessible was considered strictly inaccessible when I was a boy when it had to be hauled by horses for a long distance.

The main causes of forest depletion are logging, destruction by fire, insect pests, diseases and what we term windthrows. I am interested to note that according to the latest figures I can get for British Columbia the depletion by logging in that province averages 3½ billion board feet per year. That is the consumption of our timber resources on account of logging. The depletion by fire averages 300 million board feet per year. The depletion from insects and disease averages over 400 million board feet per year. The total annual depletion of our accessible forest wealth in British Columbia at the present time is nearly 4¼ billion board feet. That is an impressive figure.

Chief Justice Sloan, in his report relating to the forest resources of British Columbia, published in 1945—to anyone who is interested in a careful study of forest resources, I would recommend the reading of that report—estimated on the basis of the present rate of depletion that the coast stands of timber would last as follows:

	years
Douglas fir	31
Hemlock	92
Western red cedar	85
Spruce	87
Silver fir or balsam	176
White pine	35

Interior stands were estimated to last as follows:

	years
Douglas fir	72
Western hemlock	225
Western red cedar	84
Spruce	101
Silver fir or balsam	1,184

We are quite safe in that direction, so far as silver fir is concerned.

	years
Lodge pole pine	167
Larch	46
White pine	37
Yellow pine	30

From these figures, Mr. Chairman, you can see that the interior of British Columbia represents a much better picture than does the coast area.

These figures that I have given illustrate the British Columbia situation clearly and I think they are indicative generally of the position with respect to our forests in Canada as a whole.

For a few moments I want to deal with the question of utilization. As we understand it, logging waste is the proportion of the tree that has marketable value which is left in the woods, such as sound logs, butts, breakages and unused tops. From a study made in 1932 by J. H. Jenkins and F. W. Guernsey, it was found that nearly 20 per cent of merchantable timber was left in the woods of British Columbia as logging waste. This alone means that 750 million feet of merchantable timber is wasted in the woods each year in British Columbia. I therefore suggest that there is a great opportunity here for the federal and provincial governments to carry out experiments similar to what was termed the Ladysmith experiment conducted by the Comox Logging and Railway Company, the Powell River Company and the British Columbia provincial forest service. In my opinion the solution to this question will mean the establishment of new grades for recovered material and concessions to logging operators and lumber companies so far as royalty and stumpage are concerned.

I want to deal very briefly with saw mill waste. The fact that about 20 per cent of the wood volume per acre is now being wasted during logging operations must lead us to consider what happens to 80 per cent of a tree that arrives in a mill. A study of fourteen different coast mills by the same company, J. H. Jenkins, in 1928 revealed the fact that about 30 per cent of Douglas fir logs and 33 per cent of hemlock logs were lost in the slabs, edgings and sawdust. They lost approximately 30 per cent in the manufacturing plus 20 per cent in logging. That means about 50 per cent of the volume of the

trees cut in British Columbia are lost in logging and manufacturing. By the time they arrive at the mill there is a further loss owing to the uneconomic utilization of logs through poor equipment. There is quite a place, Mr. Chairman, for a study by the federal government or by co-operation between the two governments, of the use of proper equipment in the cutting of timber in this country. Then again there is a further loss through the lack of markets for low grades and from the lack of use of, shall I say, by-products left in the bush.

What I mean by the lack of markets because of the failure to utilize low grades I could illustrate in this way. When the trimmer saws are operating in the saw mills you very often see two by fours, two by sixes or other dimensions of timber cut from a log having a slight wane on one corner, which prevents it being used for house building, and as a result of this wane one often sees two feet, four feet or six feet of this dimension timber trimmed and wasted.

If we were utilizing our timber properly as they are in Great Britain and Scandinavia that two by four or two by six or any dimension of that type could be used in such buildings as garages, or outside structures where you do not intend to use any interior sheeting.

Then, Mr. Chairman, there is a considerable loss of timber in the use of high-grade logs for dimension timber, and so on, owing to the variations in the market and the lack of experience. I have visited a number of small mills and portable mills and have found, for instance, No. 1 cedar logs being cut up for two-inch and three-inch cedar planks or No. 1 Douglas fir logs being cut into shiplap and material of that type, when those fir logs should be used entirely for fir flooring, furniture materials and high-grade lumber. Therefore I wish to make a few suggestions to the minister for his consideration to promote the greater utilization of logs. I suggest it would be an excellent thing for the government to investigate the possibilities for more efficient types of saw mill equipment to overcome the present loss of timber caused by the inserted tooth saw. We have the inserted tooth saw and the solid saw. The reason the inserted tooth saw is used is that it is much easier for the average man to use. It does not require a skilled man to sharpen the saws, skilled mechanics and so on. The inserted tooth saw causes an excessive amount of waste in sawdust when sawing. Also inefficient carriages and wasteful edging cause losses. There is no question about it. Anyone who has followed the lumber industry in this country throughout the years, particularly the smaller mills and the portable mills, will realize how little advancement we have made in efficient sawing equipment, especially when we compare it with the advances that have been made in other directions so far as machinery is concerned. I would suggest to the minister that there is a great opportunity there for a study of saw mill equipment, particularly as it applies to small mills and portable mills. I suggest, Mr. Chairman, that further study of the utilization of saw mill waste for the manufacture of furniture, household equipment and box materials could be given serious consideration.

Anyone who has been associated with the lumber industry will realize that possibly the greatest amount of waste occurs in the smaller mills or in the portable mills where the owners are unable to use that waste because of being some distance from the local market and because of the lack of capital to purchase these things that are required to utilize the waste, the machinery and so on. That is a subject which could well be studied.

I have not seen the machines but I have been told that in Scandinavia, in parts of Germany, and in other parts of Europe there are in use, or were in use previous to the last war, some very efficient saw mill equipment operated on the band saw principle which can be operated with very low power. In the lumber industry power cost is one of the chief obstacles to the small mill operator. The small chap who has a small timber holding or who buys his logs from wood lots on the farms, or has small timber holdings which he operates, finds that power is one of the bugbears. I suggest that the minister's department could give serious consideration to investigating these types of saw mills, which are of the band saw type. I have been told by a lumber operator that in Sweden they have a type of band saw which is utilized in this way. The farmer takes a two-foot log, puts it on the carriage and heads it into a series of small band saws. He then goes and milks the cows, does his chores, goes to bed, and gets up in the morning and the machinery is so timed that he would have a couple of dozen inch planks ready for farm use. I think that should receive some attention from the minister's department because it would be a great help to farmers in this country, and particularly to small lumber operators, to be able to cut lumber with low powered engines.

I suggest, Mr. Chairman, that the department give consideration to the development of the co-operative purchase of machinery between small mills. The trouble is that waste occurs because there are, as in my own district, dozens of small operators wasting a high percentage of the log after it reaches the mill, in addition to the woods waste, because they have not the capital to purchase this machinery. I suggest that some consideration should

be given to the co-operative purchase of processing plants, and to getting firms interested in the building of centralized processing plants in which the waste from a number of portable mills could be taken and processed. I suggest that the minister's department could very well investigate the possibilities of markets for by-products. Our timber has been so plentiful until recent years that I am of the opinion not sufficient serious consideration has been given to the question of by-products from the lumber industry. Consideration of assistance should be given toward the cost of transportation of these products to markets. In some districts particularly that might mean the introduction of special rates by the railroads or shipping companies, as a result of government intervention. That may seem a sort of unusual suggestion, but I can illustrate. In my district, if we had a special rate for say cordwood going from the Arrow lakes to the city of Trail at a lower rate than the present rate it would be a great help. At the present time you can barely ship wood to cover the cost. If there was a lower rate in effect for that wood, that is a rate of say $10 a car less, small operators would be induced to use up a great deal of timber which is now left in the bush to rot. I advance that as another suggestion to the minister's department.

Then there is the question of consideration of tax concessions to promote the greater utilization of timber in the woods and at the saw mill by both the federal and provincial governments. While on the surface this may appear to mean a temporary loss of revenue to the federal or provincial government, I maintain that if we are able to utilize our natural resources to much greater advantage it is in the end a total gain to the community.

I wish now to discuss several aspects of forest protection. I have been interested in the subject for many years. In my time I have done a good deal of fire fighting, and I could tell some most interesting stories as a result of my experiences. However, I shall not do that but shall confine my remarks to the subject at hand because, Mr. Chairman, I must tell you that I live in great fear of you.

There has been a great improvement in this respect in British Columbia in recent years owing to the increase in the use of aircraft, lookouts and suppression crews in fire fighting. I say that the government of British Columbia and the forest service of that province deserve a great deal of credit. I have seen that service develop throughout the years to a point where it has now become particularly efficient.

I believe it was before lunch that the leader of the opposition suggested that there could be co-operation between the Royal Canadian Air Force and the forest services of the various provinces with a view to having the R.C.A.F. patrol for forestry purposes. That may be possible in some sections of Canada, but I do not think it is possible in British Columbia because it requires the use of a light type of aircraft to travel between the high mountains. It would involve great risk to fly a heavy plane low between mountain peaks, and ranges.

In that connection I suggest there is room for further research as to the types of equipment used in fire fighting. A suggestion was made by a previous speaker which I wish to endorse. He pointed out that the lack of roads and trails into our forest areas had up to the present time constituted one of the biggest handicaps in the matter of successful fire fighting owing to the time taken to reach the point where the fire is actually burning. I do believe something should be done between the federal government and the provinces to extend the roads into forest areas, and where roads are not possible trails so that pack horses could be used.

I further suggest the possibility of a greater use of chemicals in the early stages of fighting forest fires. There is the possibility that that subject might be further investigated, because chemicals are light, can be packed easily and can reach almost inaccessible places. That question should receive further consideration.

I will deal only briefly with the question of the control of insect pests and disease. A great deal of excellent work has been accomplished by the science service of the Department of Agriculture in this connection. I should like to express my appreciation of the work that branch has been doing, because I have come in contact with some of the science service men and the work they have been doing. My suggestion to the minister would be that more funds are required to carry on the necessary work.

Secondly, there should be co-operation between the federal and provincial governments, universities and industry to a much higher degree. More publicity should be given in our universities and schools with respect to this aspect of forest conservation.

I come now to the subject of forest management and silviculture. While federal and provincial officials have given attention to the question of forest management, reproduction, regeneration and the rate of growth, a great deal more will have to be done in this connection before a sound and effective policy is developed.

In that connection, and in order to be as brief as possible, I should like to quote from

the recommendations of the royal commission on forestry in British Columbia in 1945, headed by Chief Justice Sloan:

> The future existence of our forest industries depends upon the intelligent management of our forest land to insure its continued productivity. No industry that continues to deplete the source of its own raw material can hope to survive without providing for the future replenishment of that material.
>
> If our forest heritage is to be preserved instead of destroyed we must think of forest production in terms of renewable crops, not only for the growing of wood, but for the perpetuation of all those manifold benefits which the forest has bestowed upon mankind.
>
> Our basic fundamental and vital forest problem is to see to it that our forests are perpetuated for the use, profit and pleasure of our future generations. If we fail in this objective then the economic future of British Columbia will present a very dark and dismal picture. Fortunately it is not too late to plan now for the future, but the sands are running out and the time is now upon us when the present policy of unmanaged liquidation of our forest wealth must give way to the imperative concept of a planned forest policy designed to maintain our forests upon the principle of sustained yield production. Our forest land must be regarded as a source of renewable crops and not as a mine to be exploited and abandoned.

I quote again from the report of the same commission:

> In 1910 a royal commission was appointed to inquire into forestry matters in British Columbia and an important recommendation was contained in the report of the commission relative to the forest revenue. It reads as follows:
>
> "Your commissioners regard the income from royalty on timber as differing essentially from any other form of revenue in the province. Such receipts should be regarded as capital—not as current revenue. We have no hesitation in recommending that the amount so received, large as it may appear, should be expended by the government for the protection, conservation, and restoration of our timber resources. With our present knowledge regarding re-afforestation to treat these receipts as other than capital would be utterly unsound in principle and might produce disastrous results in the ultimate impairment of the public estate."
>
> It is regrettable to have to record that for thirty-five years this recommendation has been consistently ignored and disregarded by succeeding governments.

That recommendation was made thirty-five years ago, but until quite recently even the government of British Columbia took no action in that respect. Thirty-five years of neglect! I emphasize this point, because federal and provincial governments draw a large revenue from the forests. A greater percentage of that revenue must be returned for the conservation and protection of our forests, on the part of both the federal government and the provincial governments concerned.

The public estate has suffered impairment during the last thirty-five years from the lack of funds essential to forest management. The public interest requires that this state of affairs should no longer continue.

[Mr. Herridge.]

Ample money must be voted under this act if it is going to have any effective results. I find that in Canada in 1946 there was a total expenditure of $30 million on forest management, research and forest problems. The federal governmnt spent $2·6 million, the provincial governments $10·7 million, and private industry $16·4 million. That makes a total of $30 million. The Canadian Forestry Association recommends that by 1955 we should have a total annual expenditure on forest management in Canada, divided between federal and provincial governments, and private industry, of $100 million.

I should like now to make brief reference to the research carried on by the Vancouver forest products laboratory of the dominion forest service. I recognize the excellent work being done by that laboratory, with its timber mechanics division, its division to investigate utilization and seasoning, wood preservation and timber pathology division and the wood chemistry division. I understand that now they are experimenting with the production of gas from wood and have had some very interesting results, although I am told that at the present time it cannot be produced at an economical price. I give all credit to the men working at the Vancouver forest laboratory, but I should like to criticize the government to the extent of saying that too few people in Canada know just what that laboratory and the other laboratories investigating forest products are doing. I understand that their findings are published in certain trade and lumbermen's journals and a few other publications, but there are hundreds of people operating small mills, logging operations or engaged in educational work who know nothing about the excellent work being done. I suggest that greater publicity should be given to the work of these scientists who are working on our behalf.

If we are going to have a sound, effective policy there should be a widespread educational program. When you discuss these matters with Scandinavians or Europeans or people of the British isles you discover that behind the law is a great consciousness on the part of the people of the necessity for conservation. The spirit of conservation prevails. If we are going to get the co-operation of the Canadian people for the maintenance of government-sponsored forests across this country we must start to educate in the elementary schools and proceed right through to the universities, not forgetting many types of adult organizations.

In addition to forest management and forest conservation, we require an over-all conservation policy because forest conservation

is only one facet of a national conservation program. I suggest that there is great need for an interdepartmental committee on conservation to be made up of forest engineers, agricultural scientists, meteorologists, members of the hydrographic service and other related departments such as the national film board. Conservation should be approached as a whole, not in tidbits.

I recommend to the government that they work in close co-operation with the Canadian Forestry Association, the Canadian Association of Forest Engineers, the Agricultural Institute of Canada, the Canadian Federation of Agriculture and other bodies and organizations of a technical or popular nature that are interested in the development of this program. I do not know to what extent this co-operation exists at the present time, but I believe it is necessary to involve the people in the day-to-day administration of their own affairs if they are going to be administered in a democratic, efficient and effective way.

In conclusion I stress the need for education, organization, co-operation and sufficient funds for the development of a satisfactory and complete conservation program in Canada.

Mr. Higgins: Mr. Chairman, I cannot help but comment that in the general approbation that has been given to this bill by members of all parties the words "progressive conservation" have been used a number of times, and I am reminded that the party of which I have the honour to be a member uses the word "progressive" in its title. Progressive conservation cannot be anything but a good thing for Canada and that is why this party agrees with it.

I was rather taken aback by a remark this afternoon made by the hon. member for Inverness-Richmond who said that this bill was 4,000 years too late. I do not believe the Liberal party was in power at that time, but if they continue with their present progress they may be able to keep up that position in the years to come. At all events we cannot blame them for not having introduced this bill at the time the hon. member suggested.

Mr. Carroll: I made no such statement, that the bill should have been introduced 4,000 years ago. What I did say was that certain of the information we were getting concerning this matter of forest conservation was not known to the people of this country 4,000 years ago.

Mr. Higgins: I beg the hon. member's pardon. I thought the Liberal party was in power 4,000 years ago.

An hon. Member: It just seems that long.

Mr. Higgins: Be that as it may, good things will mature and if any party could bring such a bill as this one before us I am sure it would be the Liberal party, it having been in power since 1935.

No one can dispute the value of a bill such as this, but in considering this bill I think we should realize the great background of our pulp and paper industry. With all due respect to some of the hon. members to my left who seem to think that there is no need for such a bill, I would point out that the pulp and paper industry is responsible for the earning of some $800 million each year. That is a greater production than that of the mineral industry or our wheat and grain industry. Coming from the part of the dominion from which I come, I had always visualized wheat and grain production as being Canada, but when I saw the figures I began to realize that it is all wood, and I do not mean it is solid all through.

The pulp and paper industry is first in employment, first in the wages paid, first in value of production, first in the value of exports and first in capital expenditure. All in all, it is a wonderful industry. But that is only part of our woods industry. There is the logging, such as that carried on in the constituency of the hon. member for Comox-Alberni. But speaking only of the pulp and paper industry we can realize the necessity for a bill such as this.

This is the first time that I have attempted to take the hon. member for Fort William to task and I certainly do not like to take a man of the cloth to task, but when he says that the largest pulp mill in the world is in his constituency I would remind him that the largest single pulp mill in the world is located in Corner Brook, Newfoundland. The greatest single day's production of newsprint in the world occurred at that plant not more than three or four weeks ago. We are very proud of that fact. Of course we have a lot of wood, cod, and everything else down there. If I remember correctly, I believe the hon. member for Wetaskiwin remarked today about the fact that in the reading room there was a symbolic tree and all the provinces had branches on the tree except the poor new province.

An hon. Member: We will get one for you.

Mr. Higgins: I shall not name the hon. member over there, but I believe it was suggested by the hon. member for Wetaskiwin that we should have a new tree. I suggest that when we have a new tree it should be a big tree and not altogether "Smallwood". I am not going much further into this matter, but I want to say that I agree with the hon. member for Inverness-Richmond when he

says that trees are a crop. Trees very definitely are a crop, and they must be harvested and treated as a crop. That is why, as a person to whom wood means so much—and I do not mean "Smallwood" either—I say that we have to regard the trees of Newfoundland as a crop for harvesting, and the same thing applies all over the dominion.

For that reason the bill is going to have particular significance. My leader mentioned fire protection today. I do not know whether or not it is so, but possibly your newest province is in the lead in that it is wiser with regard to fire protection. We have found that one of the chief causes of fire is railroad engines, and as a result of that we converted our engines so that they could use oil. That is not going to be very popular in Cape Breton, or possibly in some other parts of the country, but it would appear to me that in territories where there is wood and there are also railroads, it should be compulsory for railway engines to use oil.

In your youngest province we are proud of the fact that we are not too far behind you so far as management is concerned. I should like to quote briefly from a reprint of a *Financial Post* editorial of July 2, 1949. It is written by John D. Gilmour, who apparently is recognized as an outstanding authority among Canadian foresters. First of all he said:

> Except for Newfoundland and Quebec (which lead Canada in forestry matters) forest industry does not control fire protection.

I think that is correct. I should also like to read a few more paragraphs to be found further on in the editorial. They are:

> Newfoundland, Canada's tenth and newest province, can show the best all-round record in forest management. Here most of the forest areas are held in perpetuity by the two pulp and paper companies. There has been a minimum of government interference. Unlike the alarming decline in the forests in other parts of Canada, Newfoundland now has considerably more timber than it had fifty years ago. This has been due to better fire protection, a better system of land tenure and proper control of cutting by the companies.
>
> Both companies have a stake in Newfoundland forests, and have taken greater care to see that their raw material is managed to give a sustained annual yield. Anglo-Newfoundland Development Company was operating on a sustained yield basis before 1926. Bowater's Newfoundland pulp and paper mills in its recent expansion refused to permit its mill capacity to exceed anticipated pulpwood supplies cut on a sustained yield basis.
>
> The oldest permanent sample plots in Canada are in Newfoundland. I was one—

He refers to himself.

> —who laid them out in 1921. They have been carefully studied and measured every five years since then. And they have produced a great deal of useful information already and will continue to do so.

[Mr. Higgins.]

That, Mr. Chairman, should be a lesson to the older provinces of Canada that the newest province, which depends so much on the pulp and paper industry, appears from what I have heard to be much further ahead than the rest of the provinces of Canada. I believe the bill envisages many great protective measures, and I refer particularly to section 6. I shall not read it because all hon. members have it. If this particular provision of the bill is enforced it appears to me the minister really has something, if he wants to push it, that will be of great benefit to the whole Dominion of Canada. I may appear to suffer from chronic "gimmies", but I want to ask the minister for something once again, inasmuch as we have our own little worries and troubles in Newfoundland. The minister envisions the establishment of research bureaux under this measure, and as there is none in the maritimes at the present time I would ask him to establish one of these new research bureaux in Newfoundland to service the maritime provinces.

Mr. Gibson (Comox-Alberni): Mr. Chairman, I feel, as was said this afternoon, that this measure is probably one of the most important pieces of legislation introduced in the house for many years. As so many have said, that is particularly true because it is so long overdue. I am quite sure the minister will agree with me when I say that it is a great challenge to whatever minister is charged with the responsibility of administering Canada's forest policy. I think it is recognized that forestry is Canada's biggest business, but I often wonder whether the Minister of Finance really appreciates that fact. Many times representatives of the industry have come to Ottawa to discuss taxation policy with the Minister of Finance and his officials, but unfortunately they were never able to establish as good a case of poverty during the prosperous war years as the mines were able to. As a result the officials of the Department of Finance have never given the problem the attention which it certainly merits.

I should also like to say to the minister that I hope forestry will not be relegated to a minor branch of some kind within a service under the new departmental set-up that is being inaugurated. I think forestry well merits the recognition of having a branch assigned to it in order that the chief forester of Canada may be able to make his reports direct to the minister rather than through another departmental head who is probably not familiar with the intricate problems involved in forestry. The bill certainly gives ample powers to the minister, and I hope that the forestry department will look around in

Canada and try to accumulate a staff of first-class men, which I can assure him is very difficult to obtain.

I understand that within his department he has one economist working on the problems of forest economics. It is a study and field in which a great deal of pioneering can be done. I was particularly glad to learn from the minister that a man was employed in his department in that capacity. It is also most important that we have taxation studies. Timber is treated altogether differently from any other natural resource in Canada. Under the income tax set-up that has prevailed in the past, it has not been possible for a man to obtain capital gains without taxation if he should happen to own his own timber. The only way a man could make capital gains, if he owned timber over a long period of time, was to get out of the timber business, something that I am sure the minister will agree is most undesirable. In order to take capital gains and get the money that is necessary to replace the timber that he is cutting, it has been necessary for him to sell it inasmuch as that was the only way available to him to secure the capital gain.

There is another point that has never been recognized by the taxation department. I refer to the fact that in the timber business, entirely different from anything else, there is an uninsurable risk. There is the danger of fire to the capital timber which one owns, and also the danger of destruction by insects. I am quite sure that if the minister consults the taxation experts in the Department of Finance and the Department of National Revenue he will find that the timber people of this country have been given no consideration for that very definite expense which they must incur.

In this legislation we are giving the minister power to enter into agreements with the provinces. He can go to a province and say, "We are interested in your problems of fire and insect protection". I would not want to put this on a coercion basis, but if we are going to contribute to the cost of this work by the provinces I believe we should be consulted, let us say, as to their methods of taxation. Certainly there is no use in the timber people applying to the Minister of Finance or the Minister of National Revenue for some lightening of the taxation load, only to have the provincial governments come along and take up whatever slack or relief has been afforded. I believe the taxation of timber and saw mills in Canada should be done on the basis of consultation between the federal and provincial governments.

Men with a knowledge of forestry and its economics are very scarce in Canada. Most of them have received university training. The only way they can follow their profession is to accept employment with the large companies. Those large companies usually have their own policies, and to a certain degree they can dictate to the foresters what they shall say in regard to reforestation and other economic problems. It must be recognized, of course, that any company employing foresters must exercise reasonable control over them, to see that they do not speak their mind too bluntly on matters having to do with the provincial administration of forests. In discussing this problem with foresters all over the country it has occurred to me that very few of them are free agents. Many would like to get up and speak their minds, but sometimes it is not altogether in the interests of their employers that they should be quite so blunt or brutal as the situation may require. If within the federal forestry structure we could employ some of these really capable men, they would be able to give us first-class, unbiased advice. The federal government, of course, is not primarily interested in royalty revenue; to a great degree its revenue comes in the way of income tax, but I am sure foresters employed by the federal government could give us much better opinions on these problems than it is possible for us to get at the present time.

We often speak of reforestation. I believe one of the most effective ways of seeing that reforestation was carried out in Canada would be to amend the Criminal Code. It should be a criminal offence if, when a man logs a square mile of timber, he does not make arrangements to re-seed it with trees or follow other methods to ensure that a second crop of timber will grow there. I know that sounds like very harsh treatment, but my logging experience has led me to believe that the practices we have followed in the past have resulted in the many thousands of square miles of denuded timber limits we see right across this country.

As far as the utilization of forest products is concerned, I thought the hon. member for Kootenay West offered an excellent suggestion when he said one reason the small operators particularly cannot utilize all the timber products was because they lacked capital. I see we have now moved into the field of loaning large sums of money to the coal industry. I have no doubt that is a very worthy project, but I believe something also could be done for the timber industry. This might be something the forest economists in the minister's department would

look into. At the present time a pulp mill which will utilize forest waste costs a minimum of $10 million. I would hope that the research branch of the department might explore the possibility of erecting some sort of small plant which would convert the final and complete pulp product, which I believe would be a wonderful contribution. If for the expenditure of $25,000 or $50,000 a process could be worked out which would enable the small operators to utilize the waste which at present they either throw into the water or burn, it would be a wonderful thing.

Another very important matter the research department might well look into is the removal of bark from trees. I was very interested the other day to learn that one of the minister's scientists had discovered a method of doing that, by injecting some liquid into a tree which would cause it to shed its bark within six months. That is a worth-while and useful project, and I would hope that further experiments might be carried out in that regard.

As far as conservation is concerned, I think we all agree that insect and fire control are of paramount importance in this field. So often, of course, people who are not familiar with timber matters assume that we should limit our cutting of mature forests. Personally I think that is a wrong policy. Economically I believe our mature timber in British Columbia, for instance, is perhaps worth more today than it ever will be again. I can see the vast possibilities that lie ahead in the field of metallurgy; and I think probably we should cut our mature timber as we require it. One fact often forgotten is that when a forest is mature it is no longer growing, in which case if you cut it and make sure another crop is planted you are certainly increasing the forest production of Canada.

In conclusion I should like to congratulate the minister on this bill, which gives him a great opportunity to do something really worth-while for Canada; and I am sure he will live up to the challenge.

Mr. Ferrie: I could speak on this matter for hours, I believe, but I am going to say only a few words. Pretty well half of my constituency is forest; and the great destroyer of our forests is fire. I suggest to the minister that just as soon as a fire is put out a bulldozer should move in and replanting should commence; otherwise grass grows and another tree comes up that does not belong there at all, so we do not have the forest we want. The idea is that we should replant as quickly as possible. The same thing would apply when some insect pest comes along and kills a great many of our trees. Let the bulldozer move in and push those trees out of the way. They are no use to anyone; they are simply firewood, and a nuisance. The best thing to do is go ahead and replant in such a way that our soil and water will be conserved. Nature has a wonderful way of doing things that man cannot match.

I want to tell the minister I am very pleased that he is coming in with this bill. It is something that is badly needed; the provinces cannot handle it, while the dominion can. We want reforestation, particularly in those lands that have been burnt over and are no good for anything else. The grass is growing there now, and that grass should be bulldozed off and the area replanted with trees.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Forest products laboratories.*

Mr. Knowles: Can the minister say what arrangements will be made to see to it that the information obtained as a result of this research is made available to all the people in the business, the big operators and the little ones, right down the line?

Mr. Gibson (Hamilton West): The government already, of course, is operating some forest products laboratories and the information is being as widely distributed as possible through the trade journals. Problems arise in the forest products industries, and these industries often apply to the laboratories asking to have some problem examined and some investigations made. Our laboratories undertake that work and do what they can to find a solution.

Several of the members have spoken about the need for research concerning the use of waste products. The laboratories have been doing that research. They have been finding uses for sawdust, for bark, and using tannin from the bark of the trees out on the Pacific coast, finding ways of preserving the stumps of logs so that fungus will not get in, and destroy probably a foot of the log. The research laboratories are doing a great deal of that work and they are passing out as much information as possible to the industries concerned.

Mr. Herridge: Has any work been done with respect to developing more efficient machinery for smaller mills and making investigations as to the type of machinery in use in some of the European countries?

Mr. Gibson (Hamilton West): No. I do not think our research laboratories have been doing any work on producing machinery for smaller mills. I can make further inquiries

and let my hon. friend know. But certainly I have not seen it myself, and I do not think that so far that has been attempted.

Section agreed to.

Section 5 agreed to.

On section 6—*Agreements with provinces.*

Mr. Fleming: I am particularly concerned about subsection (c), under which the minister would derive power to—

enter into agreements with any persons providing for economic studies of forest resources or forest industries, forest research and demonstrations and the operation of forest products laboratories.

There are some associations that have been doing a great public service; they are associations not of a public, but of a private nature, but they have nevertheless performed a useful public service and have contributed much in the way of educating the public to the value of our forest resources and the need for conserving them. I should like to ask the minister if such associations are to be regarded as coming within the scope of the expression "persons" in this clause, so that the minister would have power to enter into agreements with them, in that way taking more direct advantage of the work that such associations are doing and particularly of their educational work which could be assisted through the medium of such agreements. I hope the minister will be in a position to give assurance that such organizations are to be regarded as persons within the scope of this clause, and that it is his intention to enter into agreements with such associations just as far as possible.

Mr. Gibson (Hamilton West): In this section "persons" would include associations, as my hon. friend suggests, and corporations; so that we can work out plans together with various individuals, organizations or corporations, in which joint efforts will be useful. For example, there is a case that I know of in which one individual had a large forest plantation that he had developed himself. We arranged to have the right to go in and do some cutting there and also to make measurements throughout this timbered area so that we would be able to make a record and keep track of the growth and development of that forest. That was done by agreement with an individual in that case. We have done it also with certain corporations, and it is planned to continue on that basis.

Mr. Fleming: I thank the minister for his answer. Is it contemplated that in such agreements the government may be contributing to educational campaigns to be carried on through such associations? The campaigns of course would be subject to the approval of the minister.

Mr. Gibson (Hamilton West): That could be done. I think that probably the educational campaign would be worked out in conjunction with the provinces, as I feel that the greatest benefit could be derived by a joint campaign of the dominion and the provinces. But there is nothing to prevent an agreement being made with associations, such as the forestry associations, to expand the amount of publicity that is being given to this subject.

Mr. Knowles: I imagine there are many more square miles of forest area under provincial control than there are under federal control. It therefore becomes extremely important to the efficient implementation of this act that there be satisfactory agreements with the provinces so that the purposes of this act may be carried out. Can the minister tell us, from any advance discussions he may have had, what the chances are of a fairly universal set of agreements?

Mr. Gibson (Hamilton West): In my opening remarks today I said that we had had a brief submitted by eight of the provinces—that was before Newfoundland became a province—suggesting that we should adopt a joint forest policy. Already I have even had feelers from some of the provinces suggesting that we start negotiations under the terms of this bill when the bill is passed.

Mr. Knowles: Good.

Mr. Fraser: In the suggestions from the provinces with regard to fire protection, has any definite plan been put forward? What I am getting at is this. If a fire broke out in Ontario, for instance, would the dominion government have its own equipment or would that all be provincial equipment?

Mr. Gibson (Hamilton West): That would be arranged under agreement with the province so that a joint protective system can be worked out in each province.

Mr. Fraser: The minister means a joint program. The dominion government would not have any equipment at all? It would all be provincial?

Mr. Gibson (Hamilton West): I cannot say that until an agreement is entered into. That must be worked out with the provinces.

Mr. Fraser: It could be different in each province?

Mr. Gibson (Hamilton West): It could be different; it might be the same in many of the provinces and different in some provinces, but that has to be worked out separately and we have not had any discussions with the provinces up to the present time as to the form of any agreement.

Mr. Fraser: What I am getting at is this. The dominion government is in better shape to supply a plane-carrying service for fire-fighting equipment. Having regard to the fires we had in Ontario and Quebec last year, I know that one of the difficulties was that of getting equipment in to those different spots. I think the dominion government could do a wonderful service in that regard if it had helicopters that could carry the equipment and drop it in a small space.

Mr. Gibson (Hamilton West): The hon. member for Kootenay West asked a question about saw mill equipment. I have just had a note sent to me from one of my officials stating that studies in saw mill equipment and technical work will be got under way in the coming spring. Preliminary investigative work leading up to this study has already been completed.

Mr. Herridge: I want to thank the minister for his answer. We shall get some interesting information from those studies. While I am on my feet I wish to mention my firm belief in the necessity of building up a national forest protection consciousness as a result of education in the schools. To illustrate, Mr. Chairman, in my own district of Kootenay West years ago before the children were taught these subjects in the schools, before they had lecturers from the Canadian forestry association coming around, there was little thought of the forests with respect to fire; there was little regard for reporting of fires caused by lightning. Today in the interior of British Columbia as soon as lightning causes a fire any child who is old enough to appreciate it, when he sees the fire, is so conscious of forestry protection that he will go to the nearest telephone or to a person's home and make every possible effort to notify the proper officials so that the department can take action.

As against that we have a large number of tourists who come from the United States cities and our own cities. It is amazing to notice the lack of forest protection consciousness among both the adults and children. They throw cigarettes around in the moss without any realization of the danger. In many instances fires are started in our district—in most instances as far as human agencies are concerned—by people who have lived in the cities and are out camping or fishing or enjoying themselves in the woods and who start fires because they do not understand the necessity for forest protection. I wish to emphasize the necessity of bringing that home particularly to the children who are brought up in the cities of this country by education on the need for forest protection.

Section agreed to.

Section 7 agreed to.

On section 8—*Expenditures.*

Mr. Knowles: Can the minister indicate the amount that is expected to be spent per year under this act? Can he also tell us what is anticipated by the last part of the section, which reads:

. . . or out of moneys received through donation, bequest or otherwise.

Mr. Gibson (Hamilton West): Mr. Chairman, I cannot say what money will be appropriated by parliament next year for the purpose of this legislation. I certainly hope we shall have a considerably larger amount voted than we have had in the past. The second part of the paragraph deals with moneys received through donations, bequests or otherwise, for the purposes of this act. It is hoped that if any bequests are made we shall be able to use that money for the benefit of forest protection.

Mr. MacInnis: Is there an amount in the estimates for forest conservation under this legislation this year?

Mr. Gibson (Hamilton West): No, there is nothing in the present estimates for that beyond what we have been using for our own forest services.

Section agreed to.

Sections 9 to 11 inclusive agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION TO MEET CERTAIN EXPENDITURES AND GUARANTEE OF SECURITIES AND INDEBTEDNESS

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 148, to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways system during the calendar year 1949, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.

Mr. Gordon Graydon (Peel): Mr. Speaker, I think the parliamentary assistant is most anxious to make a comprehensive statement on this matter and I should not like to deny him that privilege. We ought to give it to him now.

Mr. James Sinclair (Parliamentary Assistant to the Minister of Finance): Mr. Speaker, so far as a comprehensive statement is concerned, I made a very comprehensive statement on November 4, when the resolution was presented to the house. At that time there was an extended debate which went far beyond the provisions of this bill, including, as the hon. member for Winnipeg North Centre (Mr. Knowles) will recall, even a discussion of railway pensions. At the moment I have nothing to add to what I said then.

This bill is a straight financial bill to implement the unanimous recommendation of the sessional committee on government-owned and operated railways which was made last spring. This bill actually provides for the financing of these capital expenditures. The second provision is for a revolving fund on which the railway can draw if current expenses should be greater than current revenue.

Mr. Macdonnell (Greenwood): There are one or two questions I want to ask the parliamentary assistant. Will he explain one or two points with regard to the practice in these advances? We are aware that there are large government advances to the national lines on which they pay interest. I should also like to know just what the practice is with regard to the advances for capital expenditures and other purposes on the one side and advances for deficit purposes on the other.

Mr. Sinclair: Perhaps the hon. member will wait until we get into committee when we can have a better opportunity to answer questions.

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

On section 1—*Short title.*

Mr. Macdonnell (Greenwood): Shall I repeat my question?

Mr. Sinclair: The hon. member for Greenwood asked the interest rate charged by the government on these two different types of advances?

Mr. Macdonnell (Greenwood): No, that is not exactly my question. I asked whether the railway was required to pay interest on all advances, and I divided them into two, advances for capital expenditures and things other than deficits, and then the advances for the purpose of making up the deficit.

Mr. Sinclair: The interest rate on the advances for capital expenditures varies between one and two per cent according to the actual length of the loan. There is no interest charged on the advances for deficits or for current account.

Mr. Macdonnell (Greenwood): I am not criticizing it at all. I am just interested in knowing what the reason is for that differentiation. Is it just because it is partly by guess and by God, as it were, that you do not want to load the railway up with interest on advances or deficits, and that you just pay them that amount year by year and forget them? Is that the reason, or is there some more scientific reason?

Mr. Sinclair: The great difference is, of course, that the advances on capital expenditures are made until such time as the market is judged right for floating a loan at advantageous rates, and sufficient sums are accumulated on which to float an issue. For example, the last issue was seventy million dollars floated at 2⅞ per cent. Obviously if the government did not charge some interest on that it would be to the railway's advantage to prolong indefinitely the floating of such a loan for capital expenditures, and so avoid the payment of interest. On the other hand advances, so far as deficits are concerned, are advances against a deficit which is eventually going to be paid by the people of Canada anyway. So there we would be just charging interest to ourselves.

Mr. Macdonnell (Greenwood): Just as a matter of interest, and for the record, what is the amount on which interest is being paid at the present time? If the parliamentary assistant has not the figure available I shall not press for it, but perhaps he has the figure showing the net deficit since, let us say, 1932, when the revamping took place. I have here a statement showing the figures from 1936 to 1946. During that period there are several years when it was operating at a profit and others when it was operating at a loss. I shall not hold up the committee, if the parliamentary assistant has not the figure readily available. I can get it later.

Mr. Sinclair: Does the hon. member wish me to put on record the actual cash deficits each year?

Mr. Macdonnell (Greenwood): Just the cumulative figure.

Mr. Sinclair: We have not the cumulative figure, but we have the figures for each year. They are also to be found in the report of the sessional committee this spring.

Mr. Macdonnell (Greenwood): For reasons with which we are all familiar, the national railways must take over branch lines from time to time. Is any adjustment made, or do they just have to take that and bear the burden, whatever it may be? Is there any attempt to make any sort of adjustment?

Mr. Sinclair: No. Once a branch line is taken over it becomes a part of the capital structure of the Canadian National Railways system.

Mr. Macdonnell (Greenwood): I do not suppose any attempt is made—perhaps none could be made—to follow through after that time, so as to keep track of the results of that operation? I should imagine that would be almost an impossible accounting proposition.

Mr. Sinclair: That is right.

Mr. Macdonnell (Greenwood): There is no attempt to keep it separate.

Mr. Sinclair: It is just part of the Canadian National Railways system.

Mr. Fraser: Are there any outstanding perpetual bonds at seven per cent or are they all taken up?

Mr. Sinclair: I understand there are no seven per cent bonds now. There are about $10 million of perpetual bonds.

Mr. Fraser: What is the rate of interest?

Mr. Sinclair: Four per cent and five per cent.

Section agreed to.

Sections 2 to 9 inclusive agreed to.

On section 10—*When revenue of Trans-Canada Air Lines and subsidiaries insufficient to meet operating and income charges.*

Mr. Thatcher: Mr. Chairman, I believe the matter I wish to bring to the attention of the parliamentary assistant is relevant to this section, judging from the marginal note describing it. An evening newspaper contains the following Canadian Press dispatch:

> A federal court today ordered the civil aeronautics board to hold up action on the request of Trans-Canada Air Lines for a new route in the United States . . .
>
> The court's action might mean many months' delay in putting into effect a portion of the new civil aviation agreement signed last June 4 by Canada and the United States.

This agreement was signed some months ago. Under it Canada received certain rights from the United States and the United States received certain rights from Canada. Canada has implemented what she promised to do. Apparently however the United States has failed to implement her portion of the agreement. Naturally that is going to affect the revenue of Trans-Canada Air Lines.

Colonial Air Lines by means of a court action are trying to prevent Canada from reaping the benefits of the agreement we signed on June 4. Is the minister or the government prepared to take some action to see that the United States lives up to her part of the agreement? I understand from the newspaper report that the transport board may be summoning Colonial Air Lines to appear before it some time in the future. I hope that will be done, because if one side of an agreement is not kept I do not think the other side should be kept.

I suggest that not only should the contract of Colonial Air Lines be cancelled, but if the United States is not going to carry out her agreement we should cancel her rights at Gander. This is something which should be cleared up tonight before we go any further with this matter affecting Trans-Canada Air Lines.

The Chairman: Shall the section carry?

Mr. Thatcher: No, I would like to have an answer.

Mr. Sinclair: As I said at the beginning, this is a purely financial bill implementing the recommendations of the sessional committee on government-owned railways which sat this spring and dealt with the budget of the Canadian National and Trans-Canada Air Lines. The hon. member's question might best be asked in that committee when he has before him the president of the Canadian National and of Trans-Canada Air Lines. It is not a question which the Minister of Finance or his assistant is competent to answer, or indeed should answer under this section.

Mr. Thatcher: If some action is not taken the deficit will be much greater. Is the government going to insist upon the United States carrying out its part of the agreement under the terms set out on June 4?

Mr. MacInnis: What could be a better time to deal with this matter than when we are discussing a bill which provides the money to carry out the operations of Trans-Canada Air Lines? Surely the parliamentary assistant is not serious when he says that the best time to open this discussion is on the estimates of Trans-Canada Air Lines. When will that be? Will it be next spring? The committee met last spring, but much business has taken place since that time.

Mr. Sinclair: I would repeat that this bill is founded on the budget of the C.N.R. and associated railways which was presented to the committee this spring and was unanimously approved. That alone is the purpose of the bill. When the hon. member for Moose Jaw attempts to discuss matters of actual operation and running rights in the United States I suggest he is far from the authority of the Department of Finance, so far as implementing the recommendations of the sessional committee on the C.N.R. budget is concerned.

Mr. Thatcher: I maintain this deficit will be larger if something is not done in this particular case. I am not criticizing this government; I am criticizing the government of the United States, because in failing to carry out the terms of the agreement they are trifling with the friendship of a friendly nation. I suggest the United States is acting like the nation which time and again they criticize, and I should like to see this government take some concrete action to cause something to be done in the present instance. We are being kicked around, and I do not like it.

Section agreed to.

Bill reported, read the third time and passed.

EXCISE TAX ACT AMENDMENT

Hon. Alphonse Fournier (for the Minister of Finance) moved the second reading of Bill No. 175, to amend the Excise Tax Act.

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

Section 1 agreed to.

On section 2—*Stamp tax on cheques, etc.*

Mr. Fraser: Can the minister tell us what revenue is derived from the stamps on cheques? For years postage stamps have been used and only a few revenue stamps are used by the banks and financial institutions. Is there any way to check this?

Mr. Sinclair: The only way would be to check the actual cheques which have been cancelled and see which ones had excise stamps on them and which ones had postage stamps.

Mr. Fraser: Apparently the Post Office Department is receiving considerable revenue which it should not have.

Mr. Sinclair: Perhaps it is, if you regard it as a separate concern, but it is all public revenue.

Section agreed to.

Sections 3 and 4 agreed to.

On section 5—*When person deemed to have manufactured, or produced watch, etc.*

Mr. Fleming: Sections 5 and 7 are related for the purposes of the matter I should like to raise, which has to do with the imposition of an excise tax on the assembly of watches, clocks and certain kinds of jewelry. If I am correctly informed, this has become the subject of litigation as well as having been agitated by correspondence with and representations to the government. I understand that this litigation is pending and I am concerned as to whether this legislation will not cut right across the issues involved in the pending litigation which directly concerns the government.

Mr. Sinclair: The hon. member has put his finger on an amendment which I propose to move a little later. It is quite true that a case involving sections 5 and 7 is now before the courts, but I would direct his attention to the fact that section 14 provides for the coming into force of sections 5 and 7. When that section is reached I propose to have a minister move an amendment which would change the present date of March 23, 1949, to November 10, the date when first reading was given to this bill. There would then be no retroactive effect which would have a bearing on the cases before the courts.

Mr. Fleming: May I express my complete gratification at that announcement.

Mr. Fraser: Has this amendment been made because hundreds of thousands of dollars' worth of watch parts have been imported into Canada during the last few years?

Mr. Sinclair: This section is necessary because we are replacing the old retail purchase tax which was on the finished product. If we are going back to the manufacturing level we must define what is manufacturing. There is no doubt that a firm which does the whole job of making a case and the works is manufacturing a watch, but there was doubt whether a firm which assembles works and cases, whether they be imported or not, is a manufacturer. In order that there be no doubt it is provided in sections 5 and 7 that the assembly of these parts will be regarded as manufacturing.

Section agreed to.

On section 6—*Excise tax on wines.*

Mr. Sinclair: I have an amendment to this section as follows:

That section 6 of Bill No. 175, an act to amend the Excise Tax Act be amended by striking out the last two words in subparagraph (a) and substituting therefor the words "absolute alcohol by volume." Similarly, that in subparagraph (b), the words "of absolute alcohol by volume" be inserted immediately after the words "seven per cent."

We wanted the definition to be the same as that in the Food and Drugs Act and that is why the amendment was moved.

Amendment agreed to.

Section as amended agreed to.

Sections 7 to 11 inclusive agreed to.

Excise Tax Act

On section 12—*Schedule III amended.*

Mr. Wright: When this bill was in the resolution stage I moved an amendment suggesting that ice cream should be exempt from excise or sales tax. At that time the parliamentary assistant classed ice cream as a dessert and stated that it would be unfair to exempt it from tax when such things as jellies had to pay the excise or sales tax. Upon making inquiry I find that schedule III of the Excise Tax Act exempts the following, among other foodstuffs:

Bakers' cakes and pies including biscuits, cookies or other similar articles;
Flour including pastry, cake, biscuit and similar mixes;
Fruit, fresh, canned, frozen, dried or evaporated;
Jams, jellies, marmalades, and preserves;
Peanut butter.

If those things are not desserts then somebody has been fooling me for a long time. I submit that ice cream should be exempt. We are faced with surpluses of certain agricultural products for which we are anxious to obtain markets and one way in which surplus cream can be disposed of is in the manufacture of ice cream. I have certain figures which indicate the amount of cream going into ice cream production. The production of ice cream during the current year will require the equivalent of 450 million pounds of milk, whereas the annual average utilization of milk for this purpose during the period 1935-39 amounted to only 115 million pounds. To illustrate the importance of this trend, it might be pointed out that, on the basis of the 1935-39 per capita consumption of ice cream, this increase in utilization represents a milk equivalent of approximately 13 million pounds of butter or 26 million pounds of cheese. Under the circumstances it would appear logical to deduce that this development has made a substantial contribution to the diversion of milk away from products for which there is a contracting demand, thereby reducing the quantities of products which would otherwise be subject to the price support policy of the government.

During the past five or ten years there has been a tremendous increase in the amount of milk used for the production of ice cream, but this has reached a peak and levelled off. At the present time there is a slight reduction taking place in the use of milk for ice cream purposes. There is a surplus of cream and milk products in the country today for which the government will have to take some responsibility. We have some 73 million pounds of butter in cold storage, and 48 million to 50 million pounds of it are under the control of the government. We also have large quantities of powdered milk. There is a market in Canada for these surpluses, and we are discouraging the use of them by continuing to place a sales tax or excise tax on a food product. It is not a luxury; it is something which every kid uses every day.

Mr. Fraser: Young and old kids.

Mr. Wright: Young and old, as my friend says. It is a wholesome food product. Someone has just reminded me that the parliamentary assistant was responsible in some measure for bringing in a substitute for some of our good butterfat, thus creating the circumstances under which we are accumulating surpluses. Now he refuses to recognize ice cream as a wholesome food product. He claims it is a dessert, something that is in the same class as jello or some of these other things which have very little food value. I urge the parliamentary assistant to give consideration to the placing of ice cream on the free list so far as sales tax or excise taxes are concerned. It is something which the Canadian Federation of Agriculture has asked for; it is something which the cream producers of Canada have asked for; and it is something to which this government, if it believes in encouraging the production of wholesome dairy products, should give consideration.

Mr. Sinclair: The hon. member for Melfort does not quite recall the substance of my argument. My argument was not that ice cream was a dessert so much as the fact that the bulk of ice cream is used as a confection. The figures I have from the national dairy council show that 40 per cent of all the ice cream sold is in the form of cones. Another substantial percentage is sold in the form of sundaes and all these other confections which may be purchased at soda fountains. There is a further use of ice cream, but at the present time it is the smallest one, its use in the home as a dessert. I pointed out at that time that many desserts are still subject to sales tax, and those are articles which are used entirely as desserts and not as a confection. It is for these reasons that the sales tax on ice cream has been continued. So far as the amount is concerned, it has been calculated that the actual sales tax paid on an ice cream cone is one-sixth of a cent.

Mr. Charlton: If that be the case, it should be easy enough to arrange to take the tax off bricks of ice cream and let it remain on bulk.

Mr. Sinclair: That would get back to the very difficult problem of having the retailer sort out what part of his sales are in that form and tax free and what part are over the counter and taxable. That is exactly what I tried to explain to the house we are now seeking to do in this new sales and excise tax structure, to have four easily recognizable groups all levied at the manufacturer's level

in order to avoid the difficulty of collecting the tax at the retail level, and also the annoyance and inconvenience to the retailer himself.

Mr. Wright: I have listened to the statement that the tax is only one-sixth of a cent on a cone. One-sixth of a cent is not very much, but one-sixth of a cent means a lot to the people who are selling ice cream. If they have to absorb the one-sixth of a cent, and are not making a profit in the sale of ice cream cones, they are going to push some other article instead of ice cream. That is what is happening. The margin has become so narrow for the people who are handling ice cream that they are substituting and pushing some other article. The result is that sales of ice cream are tapering off. We are losing a market for a valuable dairy product, and in another department of the government they are stepping in and paying a subsidy. Where the government is supporting the prices of dairy products, it seems to me it would be only good business for them to remove the sales tax on these products in order to provide a better market for them. That would be just sound business.

Mr. Sinclair: I could not follow one part of the hon. member's argument. Did I understand him to say that milk sales, that is, all milk, butter, cheese and ice cream, are four times what they were in 1939?

Mr. Wright: No. The amount of milk used in the production of ice cream in Canada is four times what it was in the 1935-39 period. That was the amount used last year in the making of ice cream, but it is now tapering off.

Mr. Sinclair: I would think that was a pretty powerful argument to show that the tax on ice cream has not hindered the production and the sale. I think any other industry would have welcomed a 400 per cent increase in sales of their product over the same period.

Section agreed to.

Section 13 agreed to.

On section 14—*Coming into force.*

Mr. Sinclair: This is the section on which the minister will move the amendment about which I spoke in answering the hon. member for Eglinton. The amendment is as follows:

That subclause (2) of clause 14 of bill 175 be amended by striking out the words "second day of May", and substituting therefor the words "tenth day of November."

That is the date when this change first became public knowledge by reason of the first reading of the bill.

Mr. Howe: I so move.

Amendment agreed to.

Section as amended agreed to.

On schedule I.

Mr. Sinclair: There is one small amendment to the schedule reading:

That schedule I to the said act be amended by deleting the proviso to section 4.

Mr. Howe: I so move.

Mr. Sinclair: We are deleting the proviso to section 4 which imposes a minimum tax of ten cents on each of these lighters. That was a part of the old act when there was a 25 per cent retail tax. With the tax now reduced to 10 per cent this ten cent minimum becomes quite an impost, so that provision at the end of section 4 of schedule I is to be removed by this amendment.

Mr. Fulton: What is the reason for that?

Mr. Sinclair: The old act had a 25 per cent retail tax plus the provision that no tax should be less than ten cents. Now with the greatly lower rate of tax, 10 per cent at the manufacturer's level, there are obviously many lighters whose price at the manufacturer's level will be less than a dollar, so the ten cent minimum means a much higher rate than ten per cent and so it would become a pretty heavy impost. Therefore we are removing it completely so that there is no longer any minimum.

Amendment agreed to.

Mr. Fraser: As to section 7 of schedule I, coin, disc or token operated slot machines and vending machines, etc., should those not be separated? The 10 per cent is all right for those that are used as vending machines, but as to the ones which are used as games of chance—I believe in some municipalities they are barred entirely—I think the government would be wise to put the tax on a little higher level.

Mr. Sinclair: As I explained before, this is a matter of getting all our excise taxes down to one level, 10 per cent. It would not be helpful to take one out. I might point out there is one exception under section 3, toilet soaps. Before this budget the tax was 5 per cent, and with all the present reduction it was not thought appropriate to raise the tax on just one item. That is the one exception, but so far as coin operated machines are concerned they are a part of the general lowering of the 25 per cent rate down to a 10 per cent rate. If, as the hon. member says, various municipalities regard these machines as undesirable I presume they have the right to ban them. As far as this

act is concerned, however, inclusion of the machines in this 10 per cent rate is part of the whole excise tax structure, which is now 10 per cent.

Schedule as amended agreed to.

Title agreed to.

Bill reported, read the third time and passed.

INDUSTRIAL DEVELOPMENT BANK ACT

AMENDMENTS WITH RESPECT TO LOANS, EXPENDITURES, ETC.

Hon. J. J. McCann (for the Minister of Finance) moved the second reading of Bill No. 210, to amend the Industrial Development Bank Act.

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

On section 1—*Proceedings in name of bank.*

Mr. Drew: Is the parliamentary assistant not going to make a statement in regard to this matter?

Mr. Belzile: As everyone knows, Mr. Chairman, the Industrial Development Bank was incorporated by an act of the Senate and House of Commons in August, 1944. The purpose of this institution, in brief, was to extend financial assistance to small and medium sized industrial enterprises in Canada which might reasonably be expected to prove successful, but which because of their size or other special factors were unable to obtain necessary financing from other lenders on reasonable terms and conditions.

The bank was set up as a subsidiary of the Bank of Canada. Directors of the Bank of Canada are directors of the Industrial Development Bank. The governor of the Bank of Canada is president of the Industrial Development Bank. The share capital of the bank was fixed at $25 million, all subscribed by the Bank of Canada. The Industrial Development Bank may also issue debentures, not guaranteed by the government, up to a maximum of three times its capital and reserve, but no such securities have yet been issued.

At this point, a brief review of the bank's operations during the five years of its existence may be of some interest. In the period up to the end of the Industrial Development Bank's fiscal year on September 30, 1949, the bank had dealt with 1,960 applications for financial assistance. Of these, 613 were withdrawn by the applicants because they had obtained financing elsewhere or for other reasons, and 657 were refused by the bank as unjustifiable risks. The number of applications authorized was 690, for a total amount of $46,341,210. Of these credits a total of 437 were still on the books of the bank at September 30, 1949, for a total in current authorized credits of $32,154,946, of which $23,573,729 was actually outstanding at that date.

Of the credits which have been granted by the bank during its five years of operations, 120 had already been repaid in full, involving a total sum of $7,102,613. Including repayments on account, the bank had already been repaid $11,737,746 out of total disbursements amounting to $35,311,475 during this period.

As the annual reports made by the bank to the Minister of Finance show, the bank's loans and investments have been distributed geographically fairly well in the same pattern as total industrial development in Canada.

The last published annual report, as at September 30, 1948, shows that the bank had met its operating expenses out of its income in the four years of operations up to that date and in addition had built up a reserve for losses of $300,000 and a reserve fund of $783,612. Actual bad debts on loans and investments had been very small, amounting to only $34,340 up to that date. The annual report for the bank's fiscal year ending September 30, 1949, together with its audited statements, will not be available until about December 10 next, but it is understood that this good record has been maintained.

As mentioned earlier, the Industrial Development Bank's facilities were expected to be sought mainly by small and medium sized industrial enterprises. To ensure that the major part of the bank's resources would be available for the smaller undertakings, subsection (2) of section 15 of the act of incorporation was included. This subsection had the effect of limiting to $15 million the aggregate amount of financial assistance which the bank could extend in amounts exceeding $200,000 for any one enterprise.

Since 1944, there has been a very considerable increase in the costs involved in projects for industrial capital investment, which is the typical purpose for which Industrial Development Bank credits are made. In consequence, a project which on the basis of 1944 costs would have involved financing from the Industrial Development Bank of less than $200,000 may, under existing conditions, involve substantially more and therefore come within the limitations of subsection (2) of section 15 of the act.

At September 30, 1949, of the $32,154,946 in current authorized credits on the books of the bank, $19,519,801 was in individual credits for amounts not exceeding $200,000 and $12,635,145 was in credits for amounts in

excess of $200,000. Partial repayments on account had reduced the amount of net authorizations over $200,000 to $11,227,888. This type of application is one with which the bank continues to be asked to deal, and would fairly soon result in the $15 million limitation preventing the bank authorizing credits of over $200,000 to industrial concerns which met all the other requirements of the bank and did not have access to reasonable credit facilities elsewhere.

The proposed amendment to subsection (2) of section 15 will relieve this situation by increasing the limitation on credits exceeding $200,000 from $15 million to $25 million. At the same time it is obvious that in view of the fact that the act enables the bank to provide financial assistance up to a total of at least $100 million, an increase from $15 million to $25 million in the limit on loans over $200,000 will not interfere with the granting of smaller credits, since $75 million would be earmarked for that field in comparison with current authorizations of $19,519,801 at September 30, 1949.

It is also recommended that several other minor amendments be made at this time.

One amendment will make it clear that while the bank is an agent of the crown, nevertheless actions may be taken by or against the bank in its own name rather than by proceedings instituted in the name of the Attorney General of Canada or by petition of right against the crown.

Another amendment will permit the bank to make credit available if the board of directors of the bank is satisfied that the applicant is about to undertake an enterprise which is "an industrial enterprise", as defined by the act. Under the present legislation the determination as to whether a particular enterprise is an industrial enterprise would in the final analysis have to be determined by the courts.

Another amendment is to permit the bank to make a loan where money has been invested by some other person in the enterprise so long as the board is satisfied that the amount invested by others affords reasonable protection to the bank. This amendment broadens to some extent the concept of the investment to be considered as junior to the bank's investment.

Another amendment is to clarify the application of one section of the bill concerning the program in the province of Quebec.

Mr. Fleming: I am not quite clear, Mr. Chairman, whether you called section 2.

The Deputy Chairman: We are now on section 1.

Mr. Smith (Calgary West): If I understood the parliamentary assistant to the minister correctly, this is a five-year operation. Is that correct?

Mr. Belzile: Yes.

Mr. Smith (Calgary West): And the bank has made 690 loans?

Mr. Belzile: Yes, 690.

Mr. Smith (Calgary West): That would be one loan every two days of its existence, or less than that. Is that right?

Mr. Belzile: Less than that.

Mr. Smith (Calgary West): What staff has this bank?

Mr. Belzile: At September 30, 1948, there were 92 employees; 48 were men and 44 were women. The staff comprises experienced bankers, industrial engineers, lawyers, chartered accountants, insurance men, and the ordinary clerical help.

Mr. Smith (Calgary West): We have 90 employees of this bank engaged in making one loan every two days? I made it quite low. Every couple of days these 90 employees are able to make a loan. That is the net situation, is it not? Is that correct?

Mr. Belzile: That is correct.

Mr. Smith (Calgary West): It is merely a matter of simple mathematics. Now I gather that you want to increase the loaning facilities. Do you intend to increase the staff? If one applies simple mathematics, one will see that you are going to have more people than you have loans, before you are through, without any trouble at all. Is that not correct?

Mr. Fournier (Hull): No.

Mr. Belzile: I do not think it will be necessary to increase the staff; but I wish to add that the kind of business that the bank carries on involved the employment of a rather large staff. Every risk of the bank is verified by meeting the prospective borrower at his place of business.

Mr. Drew: They are screened, are they?

Mr. Smith (Calgary West): All right. How much money does it cost, in expenses, to loan $1,000?

Mr. Belzile: I shall have to look it up for 1948.

The Deputy Chairman: Order. I doubt if these questions are in order.

Some hon. Members: Oh, yes.

Mr. Knowles: They are quite in order.

The Deputy Chairman: We are now on section 1 which amends the act by adding thereto the following subsection:

(3) Actions, suits and other legal proceedings in respect of any right or obligation acquired or incurred by the bank may be brought or taken by or against the bank in the name of the bank in the same manner as if the right or obligation had been acquired or incurred on its own behalf.

Mr. Green: This is general discussion.

The Deputy Chairman: I note that the hon. member for Calgary West wishes to have some information, and I will not put any limitation on his questions. I would merely hope that he would confine his remarks to the section under discussion.

Mr. Smith (Calgary West): May I immediately suggest, Mr. Chairman, that your slightest hope is my command. As a matter of fact, all I was doing was answering the explanatory statement made by the parliamentary assistant to the minister. It strikes me that when we are loaning money, it is a matter of some importance to know how much it costs us. Make it $100,000. Then when you have done that, in order that you may have the assistance of your co-parliamentary assistant—he may look this up—I should like to know what proportion of the loans of this bank have been made west of lake Superior.

Mr. Belzile: Answering the last question first, I wish to state that in 1948, 25 per cent of the loans were made in British Columbia and 8·5 per cent in the prairie provinces.

Mr. Smith (Calgary West): That is, the three of them?

Mr. Belzile: Yes. Ontario got 27·7 per cent; Quebec, 34·1 per cent; and the maritimes, 5·3 per cent.

Mr. Knowles: Are those percentages as to the number of loans or as to volume?

Mr. Belzile: As to volume; total gross of authorized loans.

Mr. Smith (Calgary West): Then will the parliamentary assistant to the minister tell me how many loans of this $200,000 type were made west of the great lakes?

Mr. Belzile: Altogether there have been 21 loans over the $200,000 limit.

Mr. Smith (Calgary West): How many were made in the province of Alberta?

Mr. Belzile: I have not that information.

Mr. Smith (Calgary West): Could you make a fairly intelligent prophecy or guess?

Mr. Belzile: I cannot guess that.

The Deputy Chairman: Shall clause 1 carry?

[Mr. Knowles.]

Some hon. Members: No.

Mr. Smith (Calgary West): Forgive me, Mr. Chairman, but not yet. As I understand the explanation just given, you intend to increase the amount of capital which you may loan and which remains I think—if my hearing is correct—at four times the amount of capital of the bank and reserves. Am I correct so far?

Mr. Belzile: That is right.

Mr. Smith (Calgary West): Then where is the bulk of this money going? Do you anticipate that the percentages you have given me will probably continue?

Mr. Belzile: Probably.

Mr. Smith (Calgary West): All right. Then we will suppose that a man living in the city of Calgary borrows some money. We are not good borrowers out there; but let us take the richest man I know. He might be able to borrow $20,000. Will the parliamentary assistant tell me how much it costs the Dominion of Canada to loan him $20,000?

Mr. Belzile: Last year the bank loaned a total of $17,535,918.49.

Mr. Smith (Calgary West): Let us take it as $18 million in round figures.

Mr. Belzile: $18 million.

Mr. Smith (Calgary West): What were the general expenses?

Mr. Belzile: General travelling expenses amount to $10,000. I will give the figures in thousands. Rental and other costs, $30,000; depreciation on office equipment, $4,000; telephones and telegrams, $8,000; office supplies, $12,000; directors' fees, $3,000; auditors' fees, $6,000; other operating expenses, $9,000; pension fund and unemployment insurance, $33,000; and salaries, $265,000.

Mr. Smith (Calgary West): What is the total?

Mr. Belzile: The total is $398,000.

Mr. Smith (Calgary West): It took $400,000 in round figures to lend $18 million. The interest payments on these loans are how much?

Mr. Belzile: Five per cent.

Mr. Smith (Calgary West): Have you ever figured out how you are doing?

Mr. Belzile: We are making money. Last year the profit before deducting appropriations was $994,000.

Mr. Smith (Calgary West): You are charging nothing for the money you borrowed. You borrowed it at what price?

Mr. Belzile: The money was subscribed by the Bank of Canada.

Mr. Smith (Calgary West): I realize that, but how much did it cost you? How much did the money cost you which you lent? In other words, you are losing money, are you not?

Mr. Belzile: The government is borrowing at 2·5 per cent, 2·75 per cent actually, and on treasury notes they are paying 75 cents on a hundred dollars.

Mr. Smith (Calgary West): What is the length of time of these treasury notes as compared with the time of the loans you are making? You cannot make a comparison of rates of return unless you make comparisons of the time that the loans are made or that the borrowings on behalf of the bank are made? I am merely trying to find out how you made out. I hope you did well; I do not think you did.

Mr. Belzile: It is a very risky business, because we are doing business in a rather marginal field, whereas the other banks go in for long terms of four, five, six or seven years. The ordinary investment houses would not contemplate the possibility of issuing debentures for that rather short term.

Mr. Smith (Calgary West): The parliamentary assistant refers to banks making loans for four, five, six or seven years. That is one of the things that chartered banks cannot do. You cannot go into a chartered bank and get any substantial loan from that bank except on the stock on your shelves or something of that kind. In Canada you cannot borrow from a chartered bank on the real estate that your company owns. Let us take one of these major companies such as the Minister of Fisheries owns who sits behind the parliamentary assistant. He cannot borrow money from a bank on the real estate that he owns. That is one of the things that a bank cannot do. The only way that a person in industry can borrow money from a bank is under section 88.

Mr. Belzile: Yes, but they are not short-term loans.

Mr. Smith (Calgary West): Why is the parliamentary assistant talking about four, five, six or eight years that the chartered banks make loans for? They cannot do that unless they are breaking the law. There is no doubt about that. Does the parliamentary assistant not think that that is a complete answer to the statement he made a moment ago when he was talking about marginal loans and had to do something different from what a bank does and said that they made loans of money on four, five, six or eight years credit. They cannot do that.

Mr. Belzile: I did not say that. I said that the banks would not touch such risky money.

Mr. Smith (Calgary West): At 5 per cent. I am borrowing money on my insurance policies at 4 per cent.

The Deputy Chairman: Shall clause 1 carry?

Mr. Smith (Calgary West): With great respect, Mr. Chairman, I should like to know—

The Deputy Chairman: With great respect, if I may—

Mr. Smith (Calgary West): Then it is mutual.

The Deputy Chairman: I hope it is. It certainly is as far as I am concerned. I should like to point out to the hon. member that if he will read the marginal note he will see that clause 1 deals with proceedings in the name of the bank. The hon. member has been asking questions which would be more appropriately asked on clause 2 which deals with loans, investments and guarantees. I have given him some latitude but I want to make it clear that some other hon. members may think that we are on clause 2. I maintain that we are on clause 1. If the hon. member wishes to question the parliamentary assistant further perhaps he will wait until clause 1 is carried, unless he wants to ask some questions dealing with proceedings in the name of the bank.

Mr. Smith (Calgary West): Mr. Chairman, I agree with you and bow accordingly, if that is the word we use. If the questions I asked on clause 1 cover clause 2 then we shall not lose any ground when we get to clause 2 because we shall finish with it that much more quickly.

I want to make it clear, sir, that while I bow to your ruling I was merely asking questions that arose out of and were in reply to the statement made by the parliamentary assistant. In view of the fact that you are one person that I do not wish to get into difficulty with I shall wait until clause 2 is called and then I shall do it all over again.

Mr. Knowles: Has there been any occasion in the experience of the bank that has made clause 1 necessary?

Mr. Belzile: When the bank has had to take legal action it has been a matter of concern to lawyers as to whether the action should be taken in the name of His Majesty in the right of the crown or in the name of the

bank. In fact, action is always taken in the name of the bank but with some apprehension that the defendant might successfully plead that the action should have been taken in the name of His Majesty. To remove doubt on this point and to enable the bank to sue in its own name it is proposed that subsection 3 be amended in such a way that the Industrial Development Bank can sue in its own personal name.

Section agreed to.

On section 2—*Loans, investments and guarantees.*

Mr. Smith (Calgary West): Now that we are on clause 2, sir, I am going to assume that you heard me when I was out of order on clause 1. I am not going to repeat what I said. The point I am trying to make is that I do not think you are making very much money. Some people think that you are losing money, but I have nothing to do with that. I am quite unable to add, and when I come to multiplication I am just floored. There is no doubt about that. I know what 8 per cent is, and I know what 5 per cent is. I know what you are paying. Would it not be infinitely simpler, and would it not save the taxpayers of Canada a great deal of money, if they gave our present banking authorities the right to make the loans that we are making, thereby saving ourselves a tremendous amount of money in administration costs? That is a fair question, and I wish the parliamentary assistant would answer it.

Mr. Belzile: Actually the report of the bank shows that a clear profit of $95,000 in round figures was made on its operations last year.

Mr. Smith (Calgary West): There is nothing in that to show what they paid for their money.

Mr. Belzile: The aim of the bank is not to make money, but to help industrial enterprises or firms which could not otherwise obtain money.

Mr. Smith (Calgary West): As a matter of fact the chartered bank is in the same position.

Mr. Belzile: The chartered bank will not provide credit for capital expenditures. They will not lend money to build a plant or to buy equipment and machinery.

Mr. Smith (Calgary West): That is the difference between Canadian and American banks. I know that. Don't teach me the ABC's of this business. They can do that. Would it not be better—and please forgive me for speaking loudly—would it not be much better and would we not save ourselves a great deal of money if, with a small committee and using the chartered banks, we backed the enterprises now being backed by the so-called industrial bank?

The moment that anyone in the House of Commons suggests that you might save a little money in staff, then, from the Prime Minister down, from the other side of the house they say that we are attacking the civil service. Let them say it. I am attacking them, if necessary—if by dispensing with this new thing, which is only five years old, we can have this done for nothing by other banks who will simply reap the interest charges which they were established for, and thus save ourselves a great deal of money.

I hope I am not being facetious. All I am trying to ask is this: Is there not here an excellent opportunity to save expense? If you run a chartered bank or a corporation or something of that kind you pay out to staff only what you think is necessary for the operation of the business. If one department of that business can be operated by another department—and you may think I am hard-hearted in suggesting this—they run the thing as efficiently as they can. I do not think anyone who accuses me or anyone else of being opposed to the civil service would back that opinion by saying we are wasting our money.

Is it not true that it could be done much more simply and at much less expense? All you need to do is pass on these loans, back them and save all the administrative costs we are now spending.

Mr. Fleming: Mr. Chairman—

Mr. Smith (Calgary West): Even if I did not receive an answer—and I think I was entitled to one—I have nothing more to say.

Mr. Belzile: The answer is that this is government policy.

Mr. Smith (Calgary West): Oh boy, that's one for the book.

Mr. Fleming: There is a feature in connection with the new section 2 which I should like to discuss. By subsection (2) it is proposed to increase from $15 million to $25 million the aggregate of the amounts of the loans or liabilities of the bank, and of the expenditures by the bank for securities held by it.

The law at the present time contains an absolute prohibition in respect of this aggregate. It is to be found in section 15 (2) in these words:

> Notwithstanding anything contained in subsection 1 of this section, the aggregate of the amounts of the loans or liabilities of the bank, and of the

expenditures by the bank for securities held by it specified in the next succeeding subsection shall not at any time exceed fifteen million dollars.

The annual statement of the Industrial Development Bank indicates that the amount outstanding by way of loans, investments and guarantees as of September 30, 1948, was $20,616,443. The statement of the bank as of September 30, 1949, appearing at page 4430 of the *Canada Gazette* for November 12 shows the amount outstanding by way of loans, investments and guarantees to be $23,605,030.

It will be noticed that I have not said anything about current authorizations. I am taking the figures of the amount outstanding. We are not talking about the capital of the bank. The capital of the bank is $25 million. That has not anything to do with this question, nor has the fact that the amount authorized is in a sense a revolving fund, because money has been coming in by way of repayment of loans.

The fact of the matter is that the statute at the present time contains an absolute prohibition upon any operation of the bank whereby the aggregate of the amount of the loans and liabilities of the bank and of the expenditures by the bank for securities held by it under section 15 (3) shall exceed $15 million. Perhaps the parliamentary assistant could help us in that.

Mr. Belzile: On September 30, 1949, the end of the fiscal year, $12,635,145 was in credit for amounts in excess of $200,000.

Mr. Fleming: What was the total amount outstanding? What I am getting at is the figure that corresponds to the language of section 15 (2). In other words I want the aggregate of the amount of the loans or liabilities of the bank and of the expenditures by the bank for securities held by it.

Mr. Belzile: That is $12,635,145.

Mr. Fleming: I have difficulty in relating that figure to the published figures of amounts outstanding, because while the statements issued by the bank may not be intended to be related specifically to the aggregate of the amounts of the loans or liabilities and of expenditures of the bank for securities, nevertheless the bank statement does indicate quite clearly that the amount outstanding includes loans, investments and guarantees. That figure is shown at September, 1948, as $20,616,443, and at September 30, 1949, a year later, as $23,605,030.

Mr. Knowles: If I might presume to help out the parliamentary assistant, it seems to me that the answer to the hon. member for Eglinton is that subsection (2) of section 15, which he read, applies a ceiling of $15 million only upon the loans to be made under the next succeeding section.

Mr. Belzile: That is right.

Mr. Knowles: The next succeeding subsection, which is subsection (3), is the subsection under which loans of amounts over $200,000 are made. The over-all ceiling on loans to be made under the act is set out in section 14, which says that the aggregate of the total direct liability of the bank, and so on, and so on, shall not exceed three times the aggregate amount of the paid-up capital and the reserve fund.

In other words, if the bank has $25 million capital, its total loans could be $75 million; but the loans of $200,000 and up cannot exceed $15 million.

Mr. Belzile: That is right.

Mr. Knowles: Now, may I ask a question. When the parliamentary assistant was discussing this phase of the matter earlier—and I think some on this side of the house joined in the suggestion—reference was made to the ceiling being four times the amount of the capital. Section 14 of the act reads:

> The aggregate of the total direct liabilities of the bank, including bonds and debentures issued by the bank, and of the total contingent liabilities of the bank in the form of guarantees given or underwriting agreements entered into by it, shall not at any time exceed three times the aggregate amount of the paid-up capital and the reserve fund, for which provision is made hereinafter.

When the parliamentary assistant was speaking earlier tonight he referred to an aggregate total of $100 million and explained that was four times the $25 million, whereas it seems to me it should be only three times the $25 million. In other words, the ceiling is $75 million unless there is something else in there.

Mr. Belzile: That reference was to another section of the act under which the bank is authorized to borrow up to three times its capital.

Mr. Knowles: It adds that to the original $25 million and that is where you get the $100 million.

Mr. Belzile: Yes.

Mr. Green: How much has been lent in loans under $200,000? I understand the total loans of $200,000 and over was about $12 million.

Mr. Belzile: The total of loans of $200,000 and less is $19,519,801.

Mr. Green: Apparently one of the purposes of this bill is to increase the amount that can be lent in loans of $200,000 and over.

Mr. Belzile: Yes. There is no change in the provisions affecting loans of $200,000 and under.

Mr. Green: Will that not mean that there will be that much less available for the smaller loans?

Mr. Belzile: No.

Mr. Green: There is a ceiling of $75 million for loans of all sizes.

Mr. Knowles: It is $100 million now.

Mr. Green: If the ceiling for loans of $200,000 and over is raised from $15 million to $25 million will that not mean that the amount available for the smaller loans will be reduced by $10 million?

Mr. Belzile: There will be no change in the discretion of the bank to make loans of less than $200,000 because the money is available now out of profits, reserves and capital funds.

Mr. Green: The money is available for the smaller loans?

Mr. Belzile: Yes.

Mr. Green: My point is that the total that could be let out in the way of small loans would be reduced by $10 million?

Mr. Belzile: The aim of this amendment is to make money available for the larger loans.

Mr. Green: Why is it desired to make more of these larger loans? All these loans are riskier than the ordinary bank loan. As I understand the practice, the only loans made by the Industrial Development Bank are those which the commercial banks cannot or will not make. The applicant for a loan is first interviewed by his bank and then is referred to the Industrial Development Bank. The larger the loan the more chance there is of there being a larger loss. The original act was intended to help the small man, and I refer the parliamentary assistant to the recital which reads:

> Whereas it is desirable to establish an industrial development bank to promote the economic welfare of Canada by increasing the effectiveness of monetary action through ensuring the availability of credit to industrial enterprises which may reasonably be expected to prove successful if a high level of national income and employment is maintained, by supplementing the activities of other lenders and by providing capital assistance to industry with particular consideration to the financing problems of small enterprises:

It seems strange that we are now being asked to provide $10 million more for large loans which will reduce the aggregate available for small loans. I think hon. members who were here in 1944 when the original act was passed will agree that it was intended to help get industry on its feet after the war, particularly to help to get the small man established. It was never intended to be a permanent lending institution down through the years. But by this bill we are expanding the business in large loans, and restricting the possibility of making the smaller loans. Why is that being done? Is there a greater demand for loans of over $200,000? Why is the bank asking for this particular power which seems to be contrary to the intent of the act as originally passed?

Mr. Belzile: The bank caters particularly to the small-sized industrial enterprises. The individual or company which needs $200,000 for plant expansion is not a particularly large business. A small lumber mill worth $200,000 may want to expand by another $200,000. When it buys a few planing machines and a band saw it will have used up the $200,000 right there. There has been a considerable increase in capital cost since 1944. It has been found that a prospective borrower who could expand his plant for $150,000 in 1944 or 1945 will now need $200,000 or $225,000 to buy the same machinery. That is why the bank is asking an increase in the limits imposed by the original act.

Mr. Green: It is now being provided that the bank may lend to an individual or company where somebody else has invested money in the enterprise. Under the original act a loan could be made only to a man who was putting in his own money or to a company which had sold its shares to an individual. In other words, the original idea was to help the man or company who had put his or their own money into an undertaking. We are now going a step further and giving power to lend where an investment has been made by others, where there is other money in the business. The Industrial Development Bank will simply be one creditor among one or more other creditors. Why is it necessary to branch out into that type of loan? It will not be as good a loan and I was wondering why the bank wants to branch out in that way. There is one other point which I will raise after the parliamentary assistant answers.

Mr. Belzile: No, I do not interpret clause 2 in the same way as the hon. member for Vancouver-Quadra. By "person" I imagine he refers now to section 15, subsection 1, paragraph (c)—

Mr. Green: That is right.

Mr. Belzile: —which reads:

> The amount invested or to be invested in the industrial enterprise by persons other than the bank . . .

The money invested by the owners, being persons other than the bank—

Mr. Green: No, that is not it. That is the way the act read originally, and of course no

one can quarrel with the original terminology. Here is the explanation given in the explanatory note:

It also permits the bank to make a loan where money has been invested by some other person in the enterprise so long as the board is satisfied that the amount invested by others affords reasonable protection to the bank.

The wording of the new clause (c) is "by persons other than the bank", which means that you can have a second or third creditor. The parliamentary assistant said that in his statement explaining the bill. He also said that the Industrial Development Bank was to get priority over other creditors. I should like to have an explanation as to just what the situation is. I do not understand why the bank should ask for this wider power.

Mr. Belzile: Of course the bank lends money only on first security to the owners of the enterprise. Section 16 of the original act stipulates that:

The bank may take, accept or acquire and may hold collateral security of any kind and in any form for the repayment of any loan, made or guaranteed by it under this act, and without limiting the generality of the foregoing—

The bank may take stock, bonds, debentures, warehouse receipts and bills of lading, goods, wares and merchandise, mortgages or hypothecs. You have to be the owner of these rights if you want to transfer them as collateral security to the bank.

Mr. Green: That does not deal with the case of a second creditor. If the bank is to have the right to loan, where there are other people who have loaned money to the business, then at least there should be a provision written in the clause that the Industrial Development Bank will get priority over these other creditors.

Mr. Belzile: The hon. member has read the explanatory note, but I think it should be read in conjunction with paragraph (c). The explanatory note reads:

It also permits the bank to make a loan where money has been invested by some other person—

That is as stipulated in subsection (c), "other than the bank".

Mr. Green: That is not right.

Mr. Belzile: And so long as the bank is satisfied that the amount invested by others than the bank affords reasonable protection to the bank.

Mr. Green: I am very much concerned about this because I am quite sure the parliamentary assistant is not interpreting the amendment correctly. The explanatory note says:

The amendment permits the bank to make credit available if the board is satisfied that the applicant is about to undertake an enterprise and that the enterprise is an industrial enterprise.

That was the effect of the old provision.

It also permits the bank to make a loan where money has been invested by some other person in the enterprise so long as the board is satisfied that the amount invested by others affords reasonable protection to the bank.

The wording of the new section is clearly for that specific purpose. The proposed amendment to section 15 reads, "where in the opinion of the board", and then it sets out certain things. A person must be engaged in an industrial enterprise, credit is not otherwise available, and then paragraph (c) reads:

The amount invested or to be invested in the industrial enterprise by persons other than the bank . . .

They make it broad so that it covers both the man who is in the business and anyone who is lending him money in addition to the Industrial Development Bank. Paragraph (c) goes on to read:

—and the character of that investment are such as to afford the bank reasonable protection.

There may be some good reason why the bank wants that additional power, but why is it trying to make these loans where there are other creditors?

Mr. Howe: I have had some little experience with these loans. I think it covers the case where a man, a returned soldier we will say, has undertaken to start a small business, has borrowed from his father and his relatives and obtained a sum which he thought was sufficient. It later develops it is not sufficient and he goes to the Industrial Development Bank and asks for help. His business is already mortgaged to his friends, and under the old act the bank could not function. I think this simply gives the bank freedom to take security in that kind of situation.

Mr. Green: Would the bank get prior security?

Mr. Howe: I think so. Of course it would be a matter for the bank to arrange, but generally speaking in a situation of that kind, as my hon. friend knows, the last man in gets the preferred position.

Mr. Wright: I have one question I wish to ask the parliamentary assistant. In the original section 2 of the act the definition of "industrial enterprise" is as follows:

"Industrial enterprise" means a business in which the manufacture, processing or refrigeration of goods, wares and merchandise or the building, alteration or repair of ships or vessels or the generating or distributing of electricity is carried on.

Can a co-operative qualify as an industrial enterprise for the purpose of carrying on these various businesses, and if they can how many loans have been made to co-operatives for this purpose?

Mr. Belzile: I think a co-operative can obtain a loan if it is an industrial enterprise according to the definition.

Mr. Fleming: And incorporated; it would have to be incorporated.

Mr. Belzile: It has to have some kind of incorporation or registration.

Mr. Wright: Is there a branch of this bank in the three prairie provinces?

Mr. Belzile: Yes, there is a branch in Winnipeg.

Mr. McLure: I think it is my turn now.

The Deputy Chairman: Order. As the hon. member knows, the Chair must see members of various parties.

Mr. McLure: You saw me before sufficiently to make me sit down.

The Deputy Chairman: Order. I saw the hon. member for Vancouver-Quadra. Then I proceeded to see the hon. member for Melfort who rose before you. Now I proceed to give the floor to the senior member for Halifax.

Mr. Isnor: Mr. Chairman, I shall be very brief. If the hon. member for Queens will be patient, I will not keep him waiting very long. I should like to ask the parliamentary assistant about the definition of "industrial enterprise". In order to make it a little clearer, I have in mind an operator of fishing vessels which fish in the far north. They are manned by sailors from Newfoundland and the other maritime provinces, and because of the sealing industry they produce oil. To our way of thinking the production of this oil is an industry, but up to the present time there has not been a clear-cut interpretation, so those who would like to borrow money either for the purchase of fishing boats or for the overhauling of machinery have not been able to do so. I feel there should be a clearer interpretation of the term "industrial enterprise" than we have had up to the present. While I am on my feet may I add that because we do not have a representative closer to the maritimes than Montreal it is rather difficult to get the interpretations that we would sometimes like to have.

Mr. Belzile: I am informed that fishing enterprises of the kind which have been described by the senior member for Halifax have obtained loans.

Mr. Isnor: That is fine; then I shall be safe in telling those who have made application that their loans will be granted, so those who are fishing or sealing in the far north not only will be able to carry on those enterprises but will be able to make any necessary alterations to their ships.

[Mr. Wright.]

Mr. McLure: Is the Industrial Development Bank a subsidiary of the Bank of Canada?

Mr. Belzile: That is correct.

Mr. McLure: Then is that why Prince Edward Island has not been able to get any loans through the industrial bank following the withdrawal of the Bank of Canada from that province? Where is there a branch of the industrial bank in the maritime provinces?

Mr. Belzile: There is no branch of the bank in Prince Edward Island, but money has been loaned in that province.

Mr. McLure: I want to get this straight. Is the Industrial Development Bank a subsidiary of the Bank of Canada?

Mr. Belzile: It was organized as such.

Mr. Gillis: I want to ask if the Industrial Development Bank has an office anywhere in the maritimes.

Mr. Belzile: No, sir; not in the maritimes. The Montreal office serves the Atlantic division.

Mr. Gillis: As usual everything east of Toronto is written off. What is the function of the Industrial Development Bank? Is it to help create new industries, or just to assist in the expansion of existing industries?

Mr. Belzile: Both.

Mr. Gillis: I ask that question because I had occasion to make some inquiries about a year ago. I know quite a number of applications were made by people such as those described by the parliamentary assistant, people who wanted to put a little capital into a small industry; but none of those applications were granted. I received letters asking me to find out why that was so, and my inquiries revealed this. I was told by an official that the bank was not created for the purpose of assisting in the establishment of new industries but rather to assist in the expansion of existing industries. I asked specifically why the loans in which I was interested had been rejected. The answer was that the people applying did not have sufficient credit. I asked what credit was necessary, and was told that if they could go to a bank and have the bank sponsor them for $10,000, $15,000 or $20,000, if they had the collateral to support that kind of loan and got the endorsation of a bank, they could get a loan from the Industrial Development Bank. Well, if they had that kind of credit they did not need the Industrial Development Bank.

Personally I do not think it serves any purpose. I was in the house when this bank was set up, and this group supported it as a move in the right direction. We were led to believe that it was to provide the kind of credit that

would not be provided through the chartered banks, that it would make funds available for the establishment of small industries where the persons concerned did not have the necessary bank credit to carry out the undertaking. I was quite satisfied that it was a step in the right direction. I visualized many small industries springing up in the maritime provinces, but when I made inquiries the information I obtained was that it was not intended for that purpose; so I do not know just what purpose it does serve. Certainly it serves no purpose in the maritime provinces. It does not even have an office there; if you want to make contact at all you must write to Montreal. If this is part of the national bank I think there should be an office or a representative in each province.

Mr. Knowles: Under the act as it stood, and as it is amended, the words "the bank may lend or guarantee loans" appear. Can the parliamentary assistant tell us, as at any stage, how much of the money the bank has out is from the funds of the bank itself, and how much is by way of guarantee?

Mr. Belzile: The bank authorizes a credit but does not disburse it immediately. Let us say it authorizes a credit of $100,000 to build or enlarge a plant. The bank does not disburse the $100,000 right away, but only as the work progresses.

Mr. Knowles: That is interesting, but I do not think it quite answers my question. From this wording I understand that the bank may make or guarantee loans. Does that mean that, in some cases, on the basis of the bank's guarantee the borrower goes to some other institution, say a chartered bank, and borrows the money?

Mr. Belzile: No. After having authorized a credit the Industrial Development Bank could endorse a note.

Mr. Knowles: We are getting close to an answer now. What percentage of the liabilities of the bank—or is it assets?—are in the form of these guaranteed notes?

Mr. Belzile: Looking at the reports I do not think there are any such guarantees.

Section agreed to.

Section 3 agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Green: Mr. Speaker, the bill was given second reading only this evening, and many hon. members were not here. I suggest that it should not be put through two readings in the same day, except by unanimous consent.

Mr. Deputy Speaker: Next sitting of the house.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow at eleven o'clock we shall take up first the third reading of Bill No. 65, to amend the Judges Act, 1946; then third reading of Bill No. 210, to amend the Industrial Development Bank Act; then Bill No. 217, to assist producers of coal in the Atlantic maritime provinces; Bill No. 195, to amend the Surplus Crown Assets Act. Then we shall take up the estimates of the Department of Trade and Commerce. When we finish those estimates we shall take up Bill No. 218, to amend the Veterans' Land Act; then resolution No. 10 on today's order paper, and Bill No. 200, to amend the Customs Act.

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

HOUSE OF COMMONS

Thursday, December 1, 1949

The house met at eleven o'clock.

HOUSE OF COMMONS

CONGRATULATIONS TO MR. POULIOT ON THE TWENTY-FIFTH ANNIVERSARY OF HIS ELECTION TO PARLIAMENT

Mr. W. G. Weir (Portage-Neepawa): Before we begin today's proceedings there is a matter in which I know hon. members will be interested and which I should like to mention at this time. Today we have in our midst an hon. member who is celebrating the twenty-fifth anniversary of his election to the House of Commons. I am sure that all hon. members would wish that I extend, on their behalf, our congratulations to that hon. gentleman, and our best wishes for the future. He was elected for the first time in December, 1924, and I believe that he is among the three or four who have been continuously members of the House of Commons since that time. On behalf of hon. members I therefore wish to extend warmest congratulations and best wishes to our friend, Jean François Pouliot, member for Temiscouata.

Some hon. Members: Speech.

Mr. Jean François Pouliot (Temiscouata): Sir, I thank hon. members most sincerely.

CRIMINAL CODE

PORTRAYAL OF CRIMES—BILL NO. 10 TO BE FIRST ORDER OF BUSINESS AFTER ROUTINE ON MONDAY NEXT

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, when Bill No. 10, to amend the Criminal Code (portrayal of crimes) moved by the hon. member for Kamloops (Mr. Fulton), was before the house, I suggested, as reported at page 1041 of *Hansard*:

> . . . that we approve of the principle of this bill on second reading. Then when it gets to committee we should leave it there until we have secured from the attorneys general of the provinces, who have the responsibility of enforcing this section, the invaluable suggestions of their prosecutors as to the form that this amendment should take in order to prohibit crime comics and also make the whole of section 207 more enforceable than it has been.
>
> In addition I should like to get the views of our committee on the revision and consolidation of the Criminal Code. We have already had a subcommittee of that body working on this section, but I should like to have the views of the whole committee.

We have now received from the attorneys general all the provinces except one some very excellent advice and information. We have also received from our own committee the information required, and but for the fact that the hon. member who introduced the bill has been away for a while we would have brought this matter up before. Unfortunately the bill, which is now in committee, is a private bill, and therefore has no special priority. In view of all the circumstances hon. members might be willing to give unanimous consent that so far as this bill as concerned we should pass a motion to give it that priority which by common consent, when it was last before the house, we agreed it should have. Therefore I should like to move, seconded by the Minister of Mines and Resources (Mr. Gibson:

> That on Monday, December 5, 1949, the order for house again in committee of the whole on Bill No. 10, an act to amend the Criminal Code (portrayal of crimes) be the first order of business after the conclusion of the routine proceedings of the house, notwithstanding the provisions of any standing or other order.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

R.C.A.F.—NO. 10 REPAIR DEPOT, CALGARY

Mr. Harkness:

1. Has the Department of National Defence adopted a plan to move No. 10 Repair Depot, R.C.A.F., from Calgary?
2. If so, what are the reasons?
3. If not, is such a scheme under consideration?

Mr. Blanchette:

1. No.
2. Answered by No. 1.
3. Such a proposal is being considered as an element in over-all planning on an inter-service basis.

FOREIGN EXCHANGE—U.S. FUNDS

Mr. Argue:

1. What were Canadian earnings of American dollars for each month since January 1, 1947?
2. What were Canadian expenditures of American dollars by months for the same period?
3. What were Canadian reserves of gold and United States dollars for each month of this period?

Mr. Belzile: The following figures show gross receipts and payments of U.S. dollars

and gold by the exchange fund and other government of Canada accounts. They do not include receipts and expenditures offset through authorized private bank and intercompany accounts. They include Canadian gold production and transactions in gold and U.S. dollars with countries other than the United States. They also include all receipts and payments of U.S. dollars on capital account except for U.S. dollars borrowed by the government of Canada and used or set aside for retirement of U.S. dollar debt.

Months	Receipts	Payments	Official reserves of gold and U.S. dollars at end of month
		(Millions of U.S. dollars)	
1946			
December	....	....	1,244·9
1947			
January	176·0	277·8	1,143·1
February	147·1	332·5	957·7
March	170·3	316·7	811·3
April	174·4	285·4	700·3
May	244·6	234·5	710·4
June	209·8	254·3	665·9
July	231·2	245·8	651·3
August	221·1	204·4	668·0
September ...	190·0	242·6	615·4
October	205·5	294·4	526·5
November ...	186·6	232·9	480·2
December ...	240·4	218·9	501·7
1948			
January	208·0	198·7	511·0
February	187·6	171·1	527·5
March	286·2	206·2	607·5
April	292·7	231·8	668·4
May	217·9	192·2	694·1
June	281·3	233·5	741·9
July	249·3	222·5	768·7
August	248·7	203·2	814·2
September ...	263·2	222·5	854·9
October	283·1	245·8	892·2
November ...	298·5	222·5	968·2
December ...	285·6	256·0	997·8
1949			
January	237·8	213·7	1,021·9
February	204·2	182·2	1,043·9
March	240·9	217·6	1,067·2
April	202·5	278·5	991·2
May	214·6	228·6	977·2
June	263·0	263·3	976·9
July	230·5	234·3	973·1
August	212·9	198·9	987·1
September ...	207·0	208·8	985·3

HOUSING—ARMY—BARRIEFIELD, ONT.

Mr. Hodgson:

1. Did T. A. Andre and Sons, Kingston, Ontario, receive a contract in 1948 to build houses for the army personnel at Barriefield?
2. If so, how many houses were built?

[Mr. Belzile.]

3. What was the total cost of this contract?
4. What was the average cost per house?
5. How many tenders were received for this project?
6. What was the amount of each tender, and from whom were they received?

Mr. McIlraith:

1. Yes.

2. 50.

3. $417,800.

4. $8,356 each.

5. Three.

6. T. A. Andre & Sons, Kingston, Ont., $417,800; Schuett Construction Company, Kingston, Ont., $438,800; T. L. Smith & Sons, Kingston, Ont., $500,450.

ROYAL CANADIAN ELECTRICAL AND MECHANICAL ENGINEERS SCHOOL, BARRIEFIELD, ONT.

Mr. Hodgson:

1. Has a contract been awarded for the construction of the new mess building at the Royal Canadian Electrical and Mechanical Engineers school at Barriefield?
2. If so, to whom has it been awarded?
3. What is the amount of the contract?
4. How many tenders were received?
5. What was the amount of each tender, and from whom were they received?

Mr. McIlraith:

1. Yes.

2. Schuett Construction Company, Kingston, Ont.

3. $133,594.

4. Six.

5. Schuett Construction Company, Kingston, Ont., $133,594; T. A. Andre & Sons, Kingston, Ont., $141,167; M. Sullivan & Son, Arnprior, Ont., $147,947; Carter Construction Company, Toronto, Ont., $166,229; Hill-Clark-Francis Limited, Toronto, Ont., $184,476; General Steel Wares, Toronto, Ont., Incomplete tender.

DANISH BUTTER IN GOVERNMENT STORAGE

Mr. Catherwood:

How much of the Danish butter imported last spring and the previous fall, if any, is still in the government's hands?

Mr. McIlraith: None.

QUESTION PASSED AS ORDER FOR RETURN

OLD AGE PENSIONS—MEANS TEST

Mr. Knowles:

1. Has the government received at any time since July 1, 1949, representations calling for the elimination of the means test from the old age pension so as to make possible collective bargaining for industrial pensions along lines similar to industrial pension plans recently put into effect in the United States?
2. If so, has consideration been given to such representations, and what is the result of such consideration?

IMMIGRATION

COUNT JACQUES DE BERNONVILLE—QUESTION AS TO DEPORTATION

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): I should like to direct a question to the Minister of Mines and Resources. What steps are being taken to ensure the deportation of de Bernonville?

Mr. Speaker: Order. It occurs to me that this is not a question that should be asked on the orders of the day.

COLONIAL AIR LINES

MONTREAL-NEW YORK SERVICE—ORDER OF AIR TRANSPORT BOARD

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to direct a question to the Minister of Transport. I am sorry I was not able to give him notice of it. Will he make a statement concerning the press report that the air transport board is going to ask the Colonial Air Lines to show cause why their licence should not be suspended?

Hon. Lionel Chevrier (Minister of Transport): I do not know that I need make a statement in connection with it. The house is familiar with what has been going on in this regard in the United States. By virtue of the bilateral agreement, the air transport board has a perfect right to issue a show-cause order. I understand that the chairman of the board, or some member of it, has given the press a complete statement, which I have not seen, but I did see the report to which my hon. friend refers. All I can say is that the board, under the authority of the Aeronautics Act, has issued a show-cause order which I understand will be heard on December 12.

JUDGES ACT

AMENDMENTS RESPECTING SALARIES, TRAVELLING ALLOWANCES, ETC.

Hon. Stuart S. Garson (Minister of Justice) moved the third reading of Bill No. 65, to amend the Judges Act, 1946.

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

Mr. Knowles: On division.

Motion agreed to on division and bill read the third time and passed.

INDUSTRIAL DEVELOPMENT BANK ACT

AMENDMENTS WITH RESPECT TO LOANS, EXPENDITURES, ETC.

Hon. Douglas Abbott (Minister of Finance) moved the third reading of Bill No. 210, to amend the Industrial Development Bank Act.

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

COAL

ASSISTANCE TO PRODUCTION IN ATLANTIC MARITIME PROVINCES

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 217, to assist producers of coal in the Atlantic maritime provinces.

He said: Mr. Speaker, this bill provides authority to lend money to producers of coal in the Atlantic maritime provinces for the purpose of increasing the efficiency of production through expanded and modernized mechanization.

The report of the royal commission on coal, submitted to this house on January 31, 1947, gave considerable attention to coal mining methods in this area. The report stressed the necessity for extended mechanization, particularly in the largest producing area, Cape Breton, if the industry was to increase efficiency in production. The coal mining industry is one of the mainstays of the industrial economy of the maritime provinces, and consequently vital to our national economy. The coal produced in that area should supply a substantial part of the requirements of the central provinces.

It has been an established policy to assist this coal to find markets in the central provinces through the payment of subventions, and the assistance necessary has been based upon the costs of imported coals.

There has been an impressive advance in the efficiency of production and processing in the competitive foreign coal producing areas as a result of the mechanization of most of the operations of mining coal. This improvement has been reflected in the comparative costs and has made the competitive position of Canadian coal more adverse, as well as increasing the cost of assistance.

The physical conditions of our maritime coal seams have not permitted the rapid and comparatively easy development of new methods and machines that have resulted in such an improvement in the American fields. It is also not possible to develop as specific and certain information on the extension of the seams as is the case in the United States, since in Cape Breton, the

seams extend out to sea and cannot be proved by drilling in advance. It may be noted also that as coal mining advances further seaward, the labour and the cost continually increase.

Mr. Speaker: Order.

Mr. Gillis: I am interested in this statement, but the minister is making so much noise I cannot hear all the other conversation.

Mr. Howe: These facts have made it clear that, if this vital industry is to play its full part in our national development, or perhaps if it is even to survive, a program of modernization and mechanization is necessary. Such a program should result in a general reduction in the cost of coal production through the increased output of coal per man-day worked.

For some time the dominion coal board has been giving serious consideration to the provision of loans to assist the Canadian coal industry to improve efficiency. The board has recommended to me that loans be granted for mechanization and modernization to companies engaged in the production and processing of coal in Canada, if the operation of these mines is vital to our national economy. The provision of such a loan is in the national interest. The proposed bill will cover these recommendations.

The provision of this assistance will enable those operators who qualify for participation to increase efficiency, to improve their product and substantially to reduce their costs. These results will, in turn, improve the competitive position of these coals in the subvention area, and consequently should reduce the amount of annual subvention assistance.

Mr. Clarence Gillis (Cape Breton South): Mr. Speaker, this is one subject in which I am particularly interested. Were I not to make some comments on it, I could scarcely justify my presence here.

Coal mining is the basic industry of the province from which I come. Let me say that while I am not opposing the bill I should like to give the minister and the house some insight into certain aspects of this form of assistance, as I see them. I might easily rise in my place and say that I agree with the bill and that everything is fine. But was it not George Bernard Shaw who said some time ago that the way to get at the merits of a question is not to listen to some fool who has said he is impartial, but rather to develop a good argument on the subject, both pro and con. While I agree with the bill, I am not impartial, and I shall attempt to give the minister the other side of the story.

[Mr. Howe.]

I am particularly interested in the mechanization of these mines; but before we go into that aspect of the matter I should like to emphasize the fact that the real problem, as I have known it in the past, has not been one of production from those collieries but rather one of marketing. That has been the problem in the coal industry of Nova Scotia for the last thirty years. To overcome that difficulty the government instituted a system of subventions. While they have been of some help, they have certainly never put the Nova Scotia product in competition with United States coal in either the Ontario or the Montreal market.

The steps taken by the government within the past few years were practical steps toward the solution of the problem. The subvention arrangement back in the thirties, while it did not solve the problem, was of considerable assistance. It was a practical step in the right direction.

One of the most important steps taken by the government toward finding a solution to the problem in Nova Scotia was the establishment of the coal board. I have said the question is one of markets. The provincial government, which has supervision over the industry, has no control over markets. When the coal board was set up it was given certain definite functions. Not only was it to administer subventions, but under the terms of reference under which the board was to operate, in addition to supervising the financial arrangements as between the federal government and the industry, it had also the responsibility of probing markets. So far it has not functioned as efficiently in that field as I should have liked to see it function.

Only recently the coal board held meetings in the coal producing areas that will be affected by this bill. The union, which maintains a first-class research department and keeps in close touch with all phases of the industry, presented a brief to the board which emphasized this question of markets. I am not going to read the whole of the brief, because no doubt the minister has seen it; but there are just one or two things I should like to bring to his attention.

As I said a moment ago, I have never considered this problem from the standpoint of production; I have always considered it from the standpoint of markets. The union made the following observation on page 3 of the brief:

> As of course your board is aware, the Nova Scotia government informed the royal commission on coal that in its judgment Nova Scotia could produce nine million tons of coal annually, and that four millions of this output would have to be sold in Quebec and Ontario.

This bill is designed to increase production through mechanization, but the basic problem is not production; it is markets. The coal control that was set up during the war considered the problem in the same way. They considered that the problem is the means to be adopted to provide markets in adjacent areas, for surplus coal, but in discussing this matter with the union the coal board has taken the position that their function is not to provide markets; it is to attempt to find a solution to the problems of the industry from the standpoint of production.

Markets which this industry has had for years are being lost to United States coal. A return was tabled in reply to questions which had been asked by the hon. member for Royal (Mr. Brooks) with regard to markets for Canadian coal. The questions asked were as follows:

1. What quantity of United States coal has been imported for use by the Canadian National Railways, Atlantic region, for (a) the calendar year, 1948; (b) the year 1949 to October 1?

2. What quantity of American coal is on hand for use by Canadian National Railways at Campbellton, New Brunswick?

The following answer was given:

The Canadian National Railways advise as follows:

1. (a) 272,625 tons; (b) 151,282 tons.

2. The stockpile at Campbellton includes coals of Canadian and United States origin. Quantities are not separated, but United States content is estimated to be about 18,248 tons.

Those figures covered the present year and last year only. For a long time Canadian National Railways have provided one of the normal markets for Nova Scotia and New Brunswick coal. This return supports the contention I have been making, that additional financing to bring about increased production will not prove of any material value to the industry unless steps are taken to zone the normal markets in the section of the country we are talking about. I leave that thought with the minister.

This bill is to provide loans to aid in mechanization of the mines. I am not opposed to mechanization as such, but the term is used rather loosely. The mines in Nova Scotia have been mechanized ever since I have known them. Machinery cuts the coal, bores into the coal and transports the coal from the faces to the surface, but it is all operated by compressed air. The additional mechanization that is being talked about is in the form of heavy cutting and loading machinery located at the working face. I have no objection to taking the pan shovel from the man who works in a coal mine, because I broke my own back for twenty-six years using one. I will welcome the placing of machines in the mines to do that type of work, but this same proposal to electrify the mines was made fifteen years ago.

I objected to that being done in mines such as we have in Nova Scotia. The company which operated the mine in which I worked fifteen years ago proposed to put in heavy cutting and loading machinery. We did not object to the machinery as such; we simply pointed out the problems that would have to be solved. The mines in Nova Scotia are the most gaseous of any mines on this continent, and there is great danger that a spark from one of these machines or from a broken cable might blow the cover off the mine. We felt strongly about the matter, and wanted some assurance that the equipment would be safe.

I took an active part in opposing the electric machines because of the danger entailed. We discussed the matter with the provincial government and asked that we be given assurance, first, that the electrical equipment would be reasonably safe, and second, that provision would be made to take care of the displacement of manpower that might develop. When you put in machinery of this type you are faced with the problem of safety underground, as well as the social problems above ground in connection with what is to happen to the investment in churches, schools and homes when men are displaced from employment.

We could get no assurance on these two points, and we would not permit the machinery to go in. That was fifteen years ago. We did not base our objections at that time on imagination only. We went back to what had happened in the British mines which had been electrified for a long time. We secured reports made by royal commissions which had considered the question of electrification underground. I have the report of one commission here, but I do not intend to quote from it because I have read it a thousand times. I used it at that time. This particular commission sat continuously for three years in order to ascertain the reason for the terrific fatal accident rate in the British mines as compared with the low rate in the mines of France. When this commission reported in 1938 it stated clearly that the reason was the electrification of machinery at the working face. The use of electricity within 300 or 400 yards of the working face is reasonably safe, but no one can say it is absolutely safe.

You have a different condition when you shove a huge electric machine that throws an arc right up to the working face. At that point there is the possibility of gas, and also dust, which will cause one of the worst explosions possible when ignited. By

doing that you create a dangerous problem. This commission reported that the difference between the French and English rates was that the equipment in France was driven by compressed air, whereas there had been an increased use of electricity at the working faces of the English mines. They did not withdraw the machinery. They wrote a lot of safety precautions into their act.

I know the minister is not responsible for conditions in any of the collieries, but under the bill the minister assumes the responsibility of seeing that as the result of these loans, the developments are sound from a financial point of view and also from the point of view of increasing production. The minister is taking that responsibility. In addition I think he should assume responsibility for the question of safety, in order that, where electrical equipment is to be installed, conditions in the colliery will be reasonably safe. Nobody can say they are absolutely safe, but they should be reasonably safe before money is used for that purpose.

The minister is not a mining expert, and I think he should have a mining engineer in his department who understands the whole problem, and who would be able to advise him as to equipment. There is a rush to improve production. The coal operators in Nova Scotia have a new general manager, and every time there is a new general manager he has to make a name for himself. In the rush for profits, and because of his desire to build up his prestige in the industry, he might overlook such little things as the safety of the man who actually produces the coal.

I am not too sure about the ability of the provincial government to handle the situation. They are a little too close to the operation. I think someone in the minister's department or on the coal board should be able to examine any colliery where electrical equipment is installed and be able to say to the minister that the equipment is reasonably safe in that particular colliery. It is a responsibility and obligation that someone should assume. I have seen mine explosions, and they are not pleasant. I have gone through a war, and I would rather go through two wars than a mine explosion. It can happen very quickly and simply. Unless precautions are taken, we may find ourselves, in the rush to improve production, in the position of blowing the cover off one of these mines and possibly involving a thousand people with it.

At the present time there is some of this equipment operating in one of the collieries. I should like to bring certain points to the minister's attention with regard to the investigation in Great Britain. In most of the cases where there was an accident because of gas or dust being ignited, it happened because of a broken cable. These cables are supposed to be equipped with safety switches a certain distance from the working face so that if anything happens to the cable on the other end the switch will blow and cut the power off. In most of the cases where they had difficulty in Great Britain the switch did not work. It is somewhat of a coincidence, but I noticed recently a press dispatch in a Sydney, Nova Scotia, newspaper dated November 8. On the sixteenth of last month the union was discussing the problem of safety in one of the mines where they have installed electrical equipment, and their approach to the problem was from the point of view mentioned in the report from Great Britain—the fact that the switches did not work. Let me read part of a dispatch from Glace Bay, dated November 18:

> Investigation into the failure of safety devices to operate in connection with the mechanical equipment in No. 20 colliery will be conducted Saturday, it was stated at tonight's meeting of Phalen local.

That happens to be my own local of the mine workers union.

> During the regular session of the local union members expressed alarm at a number of incidents that have occurred in the mine recently. The cable carrying electric energy to the mechanical equipment has been found burning on several occasions, it was said, and at times fires were found near the damaged cable. Andrew Conron, president of the local—

And so forth. Right at the present time there is definite proof that in the colliery where they are making the initial tests with that type of equipment they are having some difficulty with regard to the electrical power and the failure of the safety devices to work, just as was found in Great Britain in the period from 1935 to 1938. I am mentioning this to the minister so that he may have some understanding of the new problem of safety that is being created by mechanization. When they refer to mechanization now they merely mean they are replacing compressed-air-driven machinery with machinery powered by electricity. That is the only difference.

Gas conditions are bad in most of the collieries, but I can say that No. 20 is one of the worst I have ever been in from the point of view of throwing off gas. It is one mine where they could not afford to have a fire of any kind. They are just lucky that they spotted them and put them out. The type of mining has changed completely. For the benefit of the minister I want to say when these mines were mapped out the strata were developed for an entirely different type of mining. Places were driven sixteen or twelve feet wide, and two men would work in them. The pressure on the roof five or six miles

under the Atlantic ocean is terrific. You have to timber it close to the face. The roofing and pillaring operation was a technical job for two experienced miners. It could be made safe because the men who carried on the operation had only that space to look after. Now they are getting away from that, and the strata have been developed in such a way that the main supports are left in place to look after roof conditions and so forth; but when you start to install heavy machinery it means that the faces may be three times as wide. It means that the timbers cannot be kept within eighteen inches of the face. That is the way I had to keep them when I worked there.

Today that is done away with. I looked at that operation last December, and as a practical miner I would not work in or around it. It appeared to me they had cast aside all the safety conditions that it took us twenty-five or thirty years to achieve under the Nova Scotia Mines Act. If there is to be a different type of mining in the future, we must be prepared for the new conditions that will be created. The machinery will drive places forward a lot faster and will open up wider faces. With that comes the problem of the releasing of a lot more gas than there is in narrower places. Airways will have to be carefully looked after. When you pump air from the surface a thousand feet down a shaft and through one mine, it is really an underground world today in No. 2 mine. Harbour seam, No. 20, is about 450 feet above that again. A tunnel is drifted up on a one per cent grade, and there is another underground world opened up there. You have to drive all the air down the main airway, through the old mine and back up the tunnel, and it has to ventilate all these working faces. It is a problem which will have to be carefully studied, because under no circumstances is a mine reasonably safe unless a sufficient amount of air is pumped in.

I mention these things to the minister because the solution of the problem is not just as simple as making loans to the company to allow them to go ahead and increase production. The question of markets will have to be taken care of. If the Nova Scotia government is right, if the union is right which is doing research work on the problem, and if the figures are correct that were given a moment ago as to the displacement of Nova Scotia and New Brunswick coal on the Canadian National railways, then someone has to do something about the question of markets. At least we could have the markets that belong to us economically. I think we could compete with the Americans in that market, but evidently we are not doing so; somebody is falling down on the job.

In my opinion the matter of markets should be one of the main responsibilities of the coal board; and under the terms of the legislation setting up that board I believe it has that responsibility. But when I see the Canadian National using United States coal I am not satisfied that the matter has been handled properly. Mind you, at the time that happened our mines on the mainland of Nova Scotia were working only two or three days a week. If loans are to be made for the purpose of mechanizing and electrifying these mines, the question of safety must be considered. The minister should see to it that the social problems and hazards created by the new development are also considered by some competent person in his department.

I have said I favour the bill. I think it is an improvement on subsidies. I hope it will not interfere with or displace subventions; I do not think it will. The payment of direct subsidies on production without supervision, as was done during the war, in my opinion served no good purpose except to build up the balance sheets of the companies. I believe the loan arrangement is practicable; and if the coal board, with competent personnel, exercises some supervision and scrutiny in matters of safety and the social problems that will be created, on somewhat the same basis as that on which the financial arrangements are looked after, I believe this bill will be a step in the right direction and will help us get at least somewhere near competition with United States coal in the Quebec and maritime markets, which are normally ours. I do not believe the problem ever will be really solved, however, until the question of markets is dealt with by zoning those which are reasonably economical for our coal both east and west.

Mr. C. T. Richard (Gloucester): I believe the minister is to be complimented on having introduced this legislation, which will be welcomed in New Brunswick where coal production, though small, plays an important part in our economy. We do not produce a great quantity of coal, probably not much more than half a million tons. The amount is insignificant, I know, when compared with the coal production of Nova Scotia; yet that small production provides employment to some six or seven hundred people.

That is not all, however. Coal produced in New Brunswick provides the only means by which we may obtain electric power, and that is the important part it plays in our economy. The New Brunswick electric power commission is the largest distributor of power in that province. It has a capacity of about 87,000 horsepower, of which only some three or four thousand horsepower are

produced by hydro, the remainder being produced by coal-burning units, one of which is located at the mines at Minto, another at Chatham, and another at Saint John. Today these three units consume over 200,000 tons of coal, or about fifty per cent of the coal produced in New Brunswick. It is the intention of the power commission to establish another unit at Grand Falls and to double the capacity of the unit at Chatham, which will mean that the commission will require some 400,000 tons or about four-fifths of the coal produced in our province. Naturally this will mean that the coal operators will have to increase their production in order to keep up with the requirements of customers other than the power commission.

I would hope that by modernizing and mechanizing the smaller mines in New Brunswick we might be able to reduce the cost of production and thereby reduce the cost to the power commission, thus enabling it to provide electric power to every section of our province. Today that power is expensive. The coal alone costs the commission about ·6 cents per kilowatt hour; yet that cost is justified by the use made of that power in the rural districts and small towns and cities. As I said before, we have no potential hydro power to develop, and this seems to be the only way we can obtain the electric power which is so essential to our economy. This legislation will enable the operators to increase their production and at the same time increase the number of men employed. It will also give us an opportunity to obtain cheaper electric power from our coal-burning units.

I hope that we in New Brunswick will derive more benefits from this legislation than we have received under the subsidy system. Personally I do not believe in subsidies; I think this is the proper way to develop our industries. I note that the bill is to be proclaimed by order in council. I trust that proclamation will not be delayed unduly, because conditions in New Brunswick are none too good just now. We have been hard hit lately. As a result of the sudden devaluation of the British pound our lumber industry is not operating to the same extent as in former years, and we have lost our pit prop market. Unemployment is increasing, as the figures disclose; and we hope that legislation such as this will help maintain and increase employment and better conditions throughout New Brunswick.

Mr. T. L. Church (Broadview): Mr. Speaker, this bill is based upon the doctrine of bonuses, subventions and subsidies for this very important industry. I am not going to discuss at length what has been done in the past, but I should like to make one short reference. This bill deals with the producers of coal in the Atlantic provinces. The first session I was in this house I introduced a motion which was discussed for three days. At that time I said we were a very cold country. There were pictures in the New York *Times* showing Canada sitting as a Lazarus at the feet of the coal barons of Pennsylvania. Following the discussion of my motion a committee was appointed, of which the hon. member for Inverness-Richmond (Mr. Carroll) was chairman.

I always thought that if the maritime members had shown a little more co-operation on this question we would have had some redress years ago. This is an extremely cold country. The year before last, it was necessary to use coal for heating purposes for eight or nine months. As I said in 1922, why should we be sending about $56 million in wages, as the amount was then, to the Pennsylvania coal barons? There is an abundance of coal in the maritimes and Alberta. The province of Ontario wanted to use this coal, but since I have been a member of the house protection has prevailed in the form of bonuses, subventions and subsidies.

This bill will aid the producers of coal, and that is good. It exempts them from some of the provisions of the Income Tax Act. The bill contains a provision to allow the governor in council to pass rules and regulations, as to how and when it should apply. I do not believe that is a very good principle for us to follow. As I said, this bill is based on a policy of bonuses, subventions and subsidies. It is therefore a national question, and these provisions should be applied to the producers of coal in Alberta. There is no doubt about it, the provisions of this bill will serve a useful purpose by way of assistance to the coal producers.

The motion I proposed for a national fuel supply was that all coal should be mined under the British flag, whether from Wales, the maritimes or Alberta. When we have an abundance of coal in this country, why should we send all those wages to another country? The price of coal has gone up by leaps and bounds. In 1922 anthracite coal from Pennsylvania was $6 a ton. There was a demonstration of Welsh coal at the Canadian National Exhibition. In 1915 a boatload of coal came from Swansea, Wales, during the time of Stanley Baldwin, and the coal was dumped on the dock at Ashbridge's bay, which is in my constituency. This boatload of coal proved that it was an economic way to deliver it if we had the coking ovens for it. I believe this is a national problem. The object of the bill is to assist the producers of

coal in the Atlantic maritime provinces. My motion of 1922 provided an embargo on coal and a fund to aid coking ovens for coal mined and coked under the British flag. I believe the time is not far distant when we shall have to go further than we have gone. So far as possible, we should use coal from the other agencies I have suggested.

I remember when the hon. member for Inverness-Richmond first entered this house in 1922; he was chairman of a committee, appointed after two days' discussion of my coal motion, and he did a great deal along these lines. He has taken a keen interest in this matter. Do not forget that the doctrine on which this bill is based is a system of bonuses, subventions, and subsidies, and that is the only way we can solve our fuel supply problem. It does not matter where the coal deposits are in Canada, I believe the day is not far distant when further aid will have to be extended to coal producers and coking ovens.

Back in 1922, the hon. member for Inverness-Richmond made a splendid report on the coal problem. The only member who rose to support it here was Hance Logan, then a member of parliament, who was afterwards made a senator. I believe there were only two government members who rose in support of the principle of a national fuel supply at that time. Then the head offices of Dominion Coal were moved up to Montreal, for some reason or other, instead of being kept in the maritimes where the situation was so acute. During the first war, I travelled on a special train around lake Erie ports with Sir George Bury of the C.P.R. to inspect the coal depots. During the early days of the first world war there was a coal famine in our city, and the people were suffering a great deal from it. I believe you were overseas at the time, Mr. Speaker. It was a deplorable state of affairs. Even those who were ill found it hard to get a bag of coal during the winter of 1917. The winters are severe in this country, and this winter will be no exception. With the price of coal going up to $22.50, and giving indication of advancing to $25 and with the fourth coal miners' strike of the year in the United States, the winter will be even more difficult.

We want to use maritime coal in our city, and I believe the coking ovens should be adapted to it. I believe there are about 700,000 tons of anthracite coal in the ship channel at Ashbridge's bay now. The mild fall allowed the supplies to accumulate. Formerly that area was a marsh. We have used Welsh coal and Alberta coal in those coking ovens, but we also need maritime coal. The school board wants to use it, and the city wants to use it. Everyone wants to assist the minister with this program, because this is an important industry. I do hope something will be done at this session; otherwise it is going to be too late. There should be some direct and immediate aid to the producers in the manner indicated, and I believe the principle should be extended to the coal producers in Alberta. We should apply the doctrine that all coal should be mined under the British flag, whether it is in the maritimes, Wales, or Alberta.

Mr. E. G. Hansell (Macleod): Mr. Speaker, I rise to say a word about this bill, which proposes to grant assistance to the coal mining industry of the maritimes by way of loans. I believe I can say that we support this bill, because the coal mining industry in Canada is in none too good a position. Any assistance that can be given to the industry generally should be looked upon with some degree of favour.

In introducing this measure, the minister indicated that it was in the "national interest" —that was the expression he used. I am at once reminded of the pleas that have been made in this chamber for many years for a national coal policy; that would be, indeed, in the national interest. Over the years, speakers in this house have urged a national coal policy, but it is not so easy to determine what that national coal policy should be. I must say that I have attempted to arrive at a satisfactory answer to that question, and just as I feel that I am on the verge of a solution, I find that I just do not quite make it. There is difficulty in arriving at what would be a good national coal policy in Canada, because there are so many intricate things involved. It is very easy to suggest that we should have a national coal policy, but it is another thing to suggest what that policy should be.

I do not want to be unkind, but during this session I have been waiting for the leader of the Progressive Conservative party to rise in his place and indicate what he would regard as a national coal policy. The reason I have been waiting is that we had the pleasure of welcoming the hon. gentleman into our part of the country a few months ago. I was fortunate in having him come into my own territory. I say I was fortunate because I believe his visit to my constituency had some effect on bringing me back to this house. When he came into our part of the country he was privileged to speak at a meeting at High River. I do not know whether someone had whispered something in his ear about the coal deposits in an adjacent territory; in any event he said in his speech that day, as reported by the press, that if the country looked with favour on

his party, that party would tackle this coal problem and really do something about it. I have been waiting for him to rise, and I think I shall have to wait a long time before he will be able to make any concrete and acceptable suggestions as to how this problem can be tackled. It is not easy.

I have read a good many reports by commissions that have sat on the problem of the coal mining industry in Canada. I have tried to make a study of them. When I was elected to the House of Commons in 1935 I looked over my constituency. I was not a businessman; I was not a farmer. I was not anything, I suppose. But I found that in the southern part of my riding there was a tremendous coal mining industry. Another part of my constituency dealt with ranching, and another part of it was almost entirely wheat farming. I was not a rancher; I was not a coal miner, and I wondered why my constituents had ever sent me here. I thought: to be an efficient member I shall have to study some of these things. I got hold of all the material I could find, and began to do that. I tried to wade through the mass of material put out by the various commissions that had sat in days gone by, to determine what I might propose in respect to the coal mining industry. Perhaps I have gained some knowledge of the situation. I will say that not one of those reports concluded with a definite and satisfactory recommendation as to an overall national coal policy. If they could not recommend any real solution of the problem, who am I, or who is anyone else, to say that a satisfactory recommendation can be made? I simply say that the problem is a huge one.

The present bill will be of some assistance in relation to a fraction of the problem. In the past the government have met the problem of the coal mining industry by a sort of piecemeal method. I am not saying that in a derogatory way, because personally I cannot see that they could have done very much more than they have done. As I say, the problem is tremendously complex.

There are some questions I should like to ask about the present measure, but I shall reserve them until the bill is in committee. When this legislation is set up to give assistance to the coal mining industry of Nova Scotia I trust that it will not be a matter of putting money in a bag with holes in it. We must take a long-range view of this matter, and, in the assistance offered by this legislation, attempt to bring the industry to a point where it will be placed on its feet and enabled to resume operations over the years with confidence. If we do not do that, in a few years' time the industry will be coming back to us for more help, or for something else, and a little more assistance will be added piecemeal to what has been done over the years.

I have some reservations in my thinking in respect to the way in which the coal mining industry of Nova Scotia has been carried on in the past. I wonder whether those who are responsible for the industry have done all they possibly could to keep the industry on a solid financial footing. Have they done all they could? If they have not, then the minister should make it perfectly clear to the industry that they must so manage their affairs that they will be worthy of assistance in times of emergency.

I have a coal mining industry in my constituency. In our area of southern Alberta and eastern British Columbia it is bituminous coal mining. The companies operating in these areas have not had the assistance that some other coal mining areas have had. It is true they have had some assistance. I must not forget to say that we have been assisted materially by the government's subvention program in respect to the transportation of coal. It has enabled the industry to reach a market that otherwise they would not have been able to reach. But even though they have been assisted by way of subventions, I believe I can say that the companies there have so managed their industry that they have been willing to take some of their profits and to plow them back, thus reducing what otherwise would have been a higher dividend to the shareholders.

Mr. Smith (Calgary West): Do you not think they have done that?

Mr. Hansell: Yes, they have. That is what I am saying. I do not know whether that has been done in connection with the Nova Scotia coal mines. Perhaps it has been; I am not as familiar with the situation there. I do know, however, that the bituminous mines in southern Alberta and eastern British Columbia have reduced their dividends to a minimum. They have taken that money and plowed it back into their own company by way of capital expenditures, installation of more modern and efficient machinery, and the like.

The coal mining industry there is in a precarious position. I believe I could say that to a greater or lesser degree it is operating on a shoestring, and in a few moments I shall produce figures to show it. Other factors come into the picture which cause us some disturbance. The discovery of oil in Alberta on a larger scale has meant that much of the market that previously had

been available is now beginning to fade because much of the coal had been mined for the railways. The railways are now gradually converting from coal-burning to oil-burning locomotives, a fact that is giving the industry a good deal of concern, not only from the standpoint of the companies themselves being affected, but because of the possibility of its creating an unemployment problem. That is one condition now appearing on the horizon that is giving us a good deal of concern.

With the possible loss of this market they must turn to markets other than the railways. This means that the demand from consumers is for a higher grade of product. What does that involve? It involves the spending of many thousands of dollars for improved cleaning equipment. And before the story is completely told, large sums of money may have to be put into that industry.

I make these observations simply to remind the minister that since he is now proposing a bill for the assistance of the Nova Scotia coal mining industry, he may be called upon for similar assistance to help the coal mining industry in other parts of Canada—and I speak particularly of that portion of it which is in my own territory—when because of adverse circumstances in the industry they are confronted with financial problems.

I say to the minister, and because he is a reasonable man I believe he would agree, that since he has introduced this bill to assist the Nova Scotia coal mines—

Mr. Brooks: May I interrupt the hon. member? He has repeated throughout his speech that this bill is to assist the industry in Nova Scotia. It is to assist the industry of the maritime provinces; and we have coal mines in New Brunswick which need assistance.

Mr. Hansell: I assure the hon. member I did not want to leave New Brunswick out of the picture. I was thinking in terms of Nova Scotia, but I am sure New Brunswick is just as important as any other part of Canada. I thank the hon. member for reminding me of my error. My view is that it is a good thing to assist the coal mining industry wherever it requires assistance. In my further observations I shall try to remember to refer to the maritime industry rather than to the Nova Scotia industry. I am sure the minister will look with some degree of favour upon requests for assistance from the coal mining industry in other parts of Canada.

I should like to make some brief observations concerning the solvency of the coal-mining industry in Canada. The figures I shall use may not be exact, but I use them in an effort to present a general picture. Figures are strange things. One can clutter up one's speech with so many figures that the subject matter becomes lost—indeed, even *Hansard* becomes lost when too many figures appear on its pages.

There may be some who would take the view that because a million-dollar coal mining company operates in some part of the country, the coal mining industry is making tremendous profits. In this respect the coal mining industry is no different from any other. When one reads a balance sheet and finds that a company has made so many thousand dollars in a year, or, if it is a large corporation other than coal mining, so many million dollars, he begins to say: What an industry! Just imagine those capitalists making so many millions of dollars in one year! But when one boils down the facts as to how much a company might have made on one unit of production, whether it be in the automobile industry, the textile industry, or some other, it presents an entirely different picture. A small slip one way or the other on the profit per unit may make the difference between making a million dollars in the year, or losing a million dollars.

We must look at the coal mining industry in a similar fashion. On their balance sheets they may be able to show that they make so many thousand dollars per year. But how much per ton do they make? Perhaps that figure would give a different picture. People in eastern Canada who burn domestic coal have to pay a high price for it. Some may say: Someone is making a pile of money on this coal, when we have to pay $15 or $20 a ton for it.

Let us look into that, so far as the bituminous mines are concerned. I have before me the report of what has come to be known as the Carroll coal commission of 1946. Anyone who wishes to familiarize himself with the coal mining industry would do well to read it carefully. It is a voluminous report, but there is an education wrapped up in it. I am not going to comment on the report itself, but I will say that if anyone takes the trouble to read it he will become acquainted with the coal mining industry.

On page 272 of the report, reference is made to profits that have been earned by the Alberta and eastern British Columbia bituminous coal mines. I have summarized these figures. Ten companies made an average profit of 23·5 cents per ton, but two of them made profits of from 30 to 53 cents a ton. Leaving those two companies out of the picture, the remaining eight companies made an average profit of only 16½ cents per ton.

Mr. Gillis: How many tons did they produce?

Mr. Hansell: I referred to that a little while ago. They may have produced a good many thousands of tons and in the end made some profit, but I think my hon. friend will admit that if the cost of production went up just 17 cents a ton they would be facing a loss of half a cent per ton on the thousands of tons they were mining. That is something we have to keep in mind, and that is the point I am trying to make.

It has been said that the cost of production in strip mining as carried on in western Canada has been tremendously reduced. I think it can be granted that the cost of carrying on this type of mining is less than the cost of other types of mining, but it is shown on page 274 of the report that the average profit per ton for strip mining was 20 cents, an amazingly low figure.

On page 279 of the report, reference is made to the ancillary operations of coal companies, and it is indicated that this is one thing that helped to keep the coal mining industry aboveboard. This paragraph reads:

> A very large proportion of the revenue of most companies is derived from sources other than the actual mining of coal.
>
> Over the fifteen-year period the combined net earnings on coal mined of all companies amounts to $790,088.35, or one-half cent per ton on all coal sold. From other sources the coal companies earned $21,671,440.72, or 12 cents per ton.
>
> These sundry revenues arise from the operation of light and water utilities, through rentals of buildings, apartments, houses and hotels, sale of foreign coal, production of coke, briquettes and by-products, and from investment earnings.
>
> Revenues included under this heading, however, are definitely connected with, and are attributable to, the coal operation, as they emanate from the townsites in which the mines are located and from the investment of reserve and surplus funds set aside or earned throughout the history of the companies.

I thought that would be an interesting paragraph to place on the record. I should like to refer now to page 281, and quote a paragraph which deals with the profits made by the industry. It reads:

> The foregoing general review, supplemented as it is with related material on most of the mining companies in Canada, clearly indicates that the operations of the industry as a whole have not been too profitable. Involving an investment which at the end of 1944 amounted to approximately $83 million and in respect of sales of 180 million tons over the fifteen-year period, the Canadian coal industry has had a return of approximately 10 cents per short ton. While this is the over-all result, a geographical distribution of these figures shows that the eastern companies (maritimes) sold 52 per cent of the coal and only made a net profit of one-third cent per ton, while the western companies (Saskatchewan to British Columbia) sold 48 per cent of the coal and realized a profit of 19½ cents per ton. These figures are before any provision for depletion.

[Mr. Hansell.]

> The foregoing results are after including production subsidies paid by the emergency coal production board and other governmental assistance totalling approximately $15 million, of which approximately $13,800,000 was paid to the eastern companies and $1,200,000 to the western companies.

I skip just a small portion and continue:

> It is only fair to observe that subsidies paid by the emergency coal production board were in considerable measure due to the wartime price ceiling policy.

Now I should like to put in a plug for private enterprise. Nowhere in this report is there any recommendation that the nationalization of our coal mining industry would solve the problem. If anything, the report would lead us to believe that the commissioners were adverse to the nationalization of the coal mining industry in Canada. Even the minority report by Mr. Morrison, one of the commissioners, indicates that the nationalization of the industry would not solve the problem.

I shall have a few questions to ask when the bill is in committee. We favour the measure because we believe the coal industry of the maritimes is in need of assistance. I repeat that we may ask the minister to look with some favour upon the taking of a similar step in respect to the western coal mining industry if the necessity arises.

Before I sit down I should like to compliment the hon. member for Cape Breton South (Mr. Gillis) for his able speech. He is from the maritimes, and he has spent most of his life in a study of the coal mining industry, having played a very important part in it. He speaks with some authority. No doubt the minister will take into consideration what he has said, and perhaps will also give a nod to what I have said.

Mr. J. H. Dickey (Halifax): Mr. Speaker, I should like to say a few words on this important legislation. First of all may I compliment the Minister of Trade and Commerce (Mr. Howe) and the government upon the steps which they are prepared to take to improve and assist the coal mining industry of the maritime provinces. The industry is a basic element in the economy of the province of Nova Scotia. Any steps which are taken to assist it are of the utmost importance, not only to the actual areas in which the coal mining operations are undertaken, but also to the province as a whole. For this reason all hon. members from Nova Scotia, no matter what constituencies they represent, are interested in legislation of this kind, and are prepared to support it vigorously.

I do not think hon. members generally could appreciate the basic purpose of the present legislation without some further

comment on the question of production and markets which was raised by the hon. member for Cape Breton South (Mr. Gillis). He said that in his opinion the problem was really one of markets and not of production. He views the present legislation as attacking the question of production and not the question of markets. My view is that the two questions of production and markets are so completely interrelated and interdependent that they cannot be separated, and that the purpose of the legislation and its results will affect both production and markets. I think the truth of this is demonstrated when we consider just what a market is. After all, a market is simply a place where there is a demand for a certain commodity, and where you can sell your product at a price which is competitive with the alternatives available in the same area.

The purpose of mechanization and the improvement of production in the mines of Nova Scotia, New Brunswick and other parts of the maritimes is not only to increase the volume of production but also to reduce the unit cost. That has a direct relation to the ability of the maritime producers to place their product in the areas which they can serve, at a price which is competitive with the other coals and heating and power facilities that are available. It is my belief and contention that the purpose of the bill is to permit the production of coal in the maritime area at a lower unit cost so that the product of our mines will be available and will compete more readily with United States and other coal.

The hon. member for Gloucester (Mr. Richard) said something a few moments ago which illustrates the point I have in mind. He spoke of the production of electric power from coal in the maritime area. One of the drawbacks has been the high cost of the coal required to run steam plants. If the result of the bill is that coal will be available in sufficient quantities, and at a low enough unit cost to make the production of electric energy from steam power more economical, then the mines and the miners will benefit together with other users of electric energy in the maritime area.

I think that the bill is a basic and really constructive measure. Whether or not it will achieve its purposes depends upon a number of factors. The operators of the coal mines will have to take advantage of its provisions, and they will have to see that their operations are conducted on a proper businesslike basis. The coal miners will have to co-operate to see that the new facilities which are made available are used for the benefit of the operations generally and in the public interest. Last but not least, the operators and the various governmental agencies interested in the production of these mines reaching markets must continue the necessary activities to see that the production is used to the greatest possible extent in the areas to which it can be properly transported and put to economic use.

Mr. A. J. Brooks (Royal): Mr. Speaker, I have spoken on this subject at different times in the house, not on the present measure but with respect to the coal situation generally in my own province. I was indeed pleased to hear the hon. member for Gloucester (Mr. Richard) champion our cause. I am particularly interested in the subject because the small industry which we have in the province of New Brunswick is partly in my constituency, and partly in the constituency of the Minister of Veterans Affairs (Mr. Gregg). As the hon. member for Gloucester pointed out, the coal industry of the province is small, and produces not more than 500,000 tons a year; nevertheless it is most essential to our whole economy.

The area around Minto has grown into a large and populous centre, and it depends entirely on the coal industry. To show how much the area has increased in size, may I point out that last year one of the largest schools in the province of New Brunswick was built at Minto. The Minister of Veterans Affairs was there to lay the cornerstone. The school cost over $1 million, and before that they had a large consolidated school which was one of the finest in the province. Both schools will be used to capacity. The area is very important; and it is necessary that the coal mining industry of this province be maintained in order that such communities as Minto may continue to be prosperous, and also, as was pointed out by the hon. member for Gloucester, in order that our whole economy may be maintained.

This morning the minister said this legislation was intended to assist in the subvention area. I assume he means the maritime provinces, and that New Brunswick will be included as well as Nova Scotia. Am I correct in that understanding?

Mr. Howe: Yes.

Mr. Brooks: We have not always shared in the benefits that have been given the maritime provinces, as I have pointed out on various occasions previously. We have been discriminated against when you consider some of the benefits that have been given to Nova Scotia—and that has applied particularly to subventions. In New Brunswick we have obtained very little if any benefit from coal subventions, since under the act only coal exported from a province receives that benefit. We export very little coal from New

Brunswick, and as a result Nova Scotia coal, which receives the subvention, can be brought into our province to undersell our coal at almost every point. In Campbellton, Chatham, Bathurst and many other parts of New Brunswick, coal brought from Nova Scotia can be purchased for less than New Brunswick coal, as a result of the subventions paid by this government. That is why I am anxious to see that this legislation does not discriminate against the New Brunswick coal industry.

I was interested to hear the hon. member for Gloucester say that an electric generating plant was to be established at Grand Falls. As I remember it, some land was cleared at that point last summer and the right of way for a railway spur was obtained, but nothing more was done, and I understood the project had been abandoned. I was pleased indeed to hear the hon. member say that the undertaking has not been dropped, but that the development is to go ahead, since that will mean a larger market for our coal, which in turn will benefit the coal producers and miners of my constituency.

I do not intend to say anything further with respect to this legislation except to point out once more that the market for New Brunswick coal is limited almost entirely to our own province; and, as was pointed out previously this morning, our whole economy, which is based upon the production of electricity, depends upon the success of our mining industry. I might add that our pulp mills obtain a great deal of their coal from the Minto mines. In past years we also sold to the railways; but as the hon. member for Cape Breton South (Mr. Gillis) pointed out earlier, quoting an answer to a question I placed on the order paper not long ago, United States coal was a strong competitor in the market provided by the Canadian National Railways.

If this legislation will help us hold the market in our own province provided by our electric plants, our pulp mills and the railways, and will give us some assistance which will enable us to produce our electricity at less cost, I am sure it will be a very great benefit to our people. I hope, as I said a moment ago, that we shall not be discriminated against in this instance as we have been in the past with respect to subventions, and as we were during the war with regard to other legislation affecting maritime coal mines.

Mr. W. F. Carroll (Inverness-Richmond): I should like to take a few moments to emphasize the necessity for these loans to the mining companies of the maritime provinces. The coal mining industry of Nova Scotia has had its good times and its bad times. During the first world war the ships of the principal operators on Cape Breton Island were commandeered, not by our own government but by the British government, and as a result those operators lost the markets they then had in Quebec and Ontario. Then came subventions, which did help to a certain extent in their regaining and perhaps expanding the market in the central provinces.

There is, I think, rather a wrong idea abroad concerning subventions. Men who thought they knew something about it have told me that the amount paid in subventions went into the exchequers of the coal companies. That is not so. The money is paid to the railways to try to make it possible for maritime coal to compete with United States coal in certain of the central markets. There is no doubt at all, however, that subventions gave the coal companies a great uplift, because the more coal they sold, if they were making a profit, the better for themselves and for those employed in the industry.

In world war II the trade with the central provinces was again interrupted, not by the commandeering of ships but by the presence of German submarines in and near the St. Lawrence river. In that case, however, the coal operators took time by the forelock and did a very good job. They had certain contracts to fulfil in connection with supplying coal to the central markets. Before the war started, when it was imminent, they went out and arranged with coal operators in the United States that their contracts in the central provinces should be fulfilled, in the hope that when the war was over they would be able to retain those customers. I do not know how that worked out, but that was one thing the coal companies did in an endeavour to retain their market in this country.

I said I was going to give some reasons why it is absolutely necessary that these loans be made if our coal industry is to survive for any extended period of time. Coal production in the maritime provinces has been going down. It dropped during the war. Various reasons were given for that loss of production, some of them good and some bad. One reason why coal production went down was that the very best coal miners in those provinces—great boys, great men, great Canadians, great Britishers—threw down their picks and went to the defence of this country. When the coal companies asked selective service to replace those miners—I am not casting any slurs on the labour department—they were supplied with

men who knew nothing about coal mining, and with whom the miners in the pits were almost afraid to work.

So far as subsidies are concerned, the coal companies in the maritime provinces never received subsidies as such, except during the war. These subsidies were given for exactly the same reason that subsidies were given the other great industries of this country—to help production and to keep the companies on an even keel, so that they could carry on their operations with the same profits they were getting before the war. I should like to say that large subsidies were paid to the coal companies in the maritimes and in the west, but large subsidies were paid also to practically every producing industry in this country.

There has been some talk about production, and I am glad that the member for Cape Breton South (Mr. Gillis) brought to the attention of the house the question of supplying coal to the railways in the town of Campbellton. I am going to suggest some reasons for the existence of that condition, and how I think it might be remedied.

The great competitors of maritime coal in the markets of Canada are the United States mines. As compared with the maritimes, the production capacity of these United States mines is tremendous—and I am speaking of those companies that do compete with our maritime coal companies. The conditions under which operations are conducted in Cape Breton—yes, in the province generally—are extremely difficult. Eighty-seven per cent of the coal produced in Nova Scotia today is taken from submarine areas. In perhaps the greatest producing mine of all, coal is mined 3·9 miles from the shore. I should not be surprised to find that operations had been extended another quarter or half mile by now.

The distance those coal operators may go is about five miles, I understand, and there must be about 4,000 feet of coverage in order to make the operation safe. I believe that has been one of the main drawbacks in connection with operations in these places. Another great drawback—perhaps because the operations were not properly planned—is getting the coal from the mine face to the surface. In not all cases is the coal mined 3·9 miles from shore, but where it is, it is quite a distance. Fast and efficient transportation is one of the things to which particular attention must be given in the maritime mines.

Before coming to the question of productivity of the various mines in the United States, from which coal comes that competes with our coal, may I give some figures on the man-day production so far as transportation is concerned. I am speaking of transportation from the mine face, or wherever the coal is loaded, to the tipple or to the bankhead. The man-day production in the United States is 50 tons per day. It was difficult to make any computation of a comparable figure for the maritime provinces, but a fair calculation is that 10 tons per man-day is average. That is the amount that a transportation man in the mines of the maritime provinces could handle, as compared with the 50 tons a man could handle in the United States mines which compete with maritime coal in the provinces of Ontario and Quebec.

The Dominion Coal Company and its subsidiaries do supply eighty per cent of the output of coal in the maritime provinces. I understand that the real basis for indicating what the production is, is the man-day production in these mines. Leaving out what I have said about the transportation matter, I should like to put some figures on the record, Mr. Speaker.

At one o'clock the house took recess.

The house resumed at three o'clock.

Mr. Carroll: When the house rose for the noon recess I was discussing production in the coal mines of the maritimes. I intended to make some reference to the production capacity of the United States mines whose products are in competition with maritime coal. Before doing that may I say that in 1937 the production of the mines of Nova Scotia amounted to 7,226,954 tons. In 1944 the production had fallen to 5,745,672 tons. That was not owing to the lack of markets, because in those days we were not producing sufficient coal to fill the markets of the province of Nova Scotia. Since that time our coal production has increased somewhat. In 1948 the coal production of Nova Scotia amounted to 6,430,991 tons, and of New Brunswick, 522,136 tons. The production in New Brunswick had increased from 361,184 tons in 1945 to 522,136 tons.

I want to say a word about man-day production. In 1945 the man-day production in the coal mines in Nova Scotia had fallen considerably from the pre-war average. In 1945 production per man-day in Nova Scotia was 1·58 tons. In New Brunswick it was 1·72 tons. In 1948 the man-day production rose to 2·19 in Nova Scotia, about 50 per cent, and in New Brunswick to 2·42 tons.

Perhaps it might be well to put the whole Canadian man-day production on the record. On Cape Breton Island, Nova Scotia, the man-day production in 1934 was 2·54 tons. In

1939 it was 2·60 tons, and in 1944 it was 1·73 tons. I have indicated how it has risen since. In New Brunswick in 1934 it was 1·33; in 1939, 1·42 and in 1944, 1·47. In Saskatchewan in 1934 it was 5·12; in 1939, 5·85; and in 1944, 8·66. That tremendous production in Saskatchewan was due to the fact that it was mostly stripping operations. They have pretty deep seams to strip.

Here I want to recognize the fact that the little mines in southern Saskatchewan, I believe in Estevan, not only undertook to mine coal but established their own markets. They went into the city of Winnipeg. I do not know whether it was through their own company or through subsidiaries, but at their instance they created their own market by having installed central fire-heating plants, powered by coal. I believe that was one of the best things I saw in my trip through Canada a few years ago.

In the Drumheller area of Alberta, in 1934 the man-day production was 3·73 tons; in 1939 it was 3·94, and in 1944, 3·58. In the Mountain Park area in 1934 it was 3·75 tons; in 1939, 3·71, and in 1944, 3·87 tons. In the Cascade area of Alberta, in 1934 it was 3·09 tons; in 1939, 3·21, and in 1944, 4·34. In the Crowsnest area of Alberta, in 1934 it was 3·07; in 1939, 3·84 and in 1944, 3·67. In Crowsnest, British Columbia, in 1934 it was 3·97; in 1939, 4·38 and in 1944, 4·23. On Vancouver island in 1934 it was 1·82; in 1939, 1·84 and in 1944, 2·03.

It will be seen that the man-day production in the western provinces is much higher than it is in the maritime provinces. The real difficulty there is of course markets and the availability of markets. I understand that even today the domestic coal users in northwest Ontario are supplied by Alberta coal, which I think is a very good compliment to subventions, because that is the only way that those western mines could be made competitive in that area.

I now turn to the situation in the United States so far as production is concerned. I refer to the states whose products are competitive with maritime coal—West Virginia, Kentucky, Pennsylvania and Ohio. In 1934 the man-day production in West Virginia was 4·73 tons as compared with 1·97 in the maritimes. In 1939 it was 5·51, and in 1944 it was 5·61. Instead of their man-day production decreasing during the war, it went up. I think it is fair to say that it went up on account of the mechanization and the improvements in the underground transportation systems in these mines.

In Kentucky in 1934 the man-day production was 4·33; in 1939 it was 4·68, and in 1944 it was 5·08. In Pennsylvania in 1934 it was 3·98; in 1939 4·77 and in 1944 5·28. In Ohio in 1934 the man-day production was 4·23; in 1939 5·35 and in 1944 6·77. I do not think anybody is putting forth the contention or the argument that it is as easy to mechanize the maritime mines as it is the mines in these states to which I have referred.

I now wish to say something about the prices that are charged for United States coal coming into our Canadian markets. For some time there was a coal stabilization board which stabilized the coal output of certain states at a certain price. I understand that that board has gone out of existence. I think that some method, co-operative or otherwise, should be developed with the coal industry in the United States. For example, the mines there that have the greatest production per man-day can get their coal out at a very small cost, but they are allowed to set the price for coal that comes into Canada, instead of making the price uniform for that state, because there are many mines in those states in which it costs more to get out the coal. I do not know whether anything can be done about that or not, but it is something that I thought I should bring to the attention of the minister.

With reference to markets, there are other competitors of coal in this country so far as fuel and power are concerned. I think it is a good thing. I believe there are some people in this country who are concerned about our reserves of coal. What I do know is that there are enough reserves of coal in Nova Scotia to pay off this debt in the usual fashion.

Perhaps I have some old-fashioned ideas about the fuel problem; but it is my belief that the good God has placed on the earth, in the sky and in the sea all the natural resources that will be necessary for the use of man until the end of time. Of course those resources will have to be harnessed and made useful by the ingenuity and scientific experience of man.

In the old days in my province wood was the only fuel we had with which to warm ourselves. Occasionally power was produced through the use of windmills. Then wood became scarce, and coal was taken from the ground. Coal then became scarce, with the result that oil and hydroelectric power have come to the forefront. Now we are confronted with the greatest force of all. I understand that in about 1955 atomic power will be harnessed to a point where it can be used to do the work formerly done by coal, oil and all other means of power. Especially will that be true in our large industries.

After hearing the discussion in the house yesterday one could not help concluding that it is a great pity so much of our wood has

been burnt. Speaking about my own province I would hope that in a very few years every domestic consumer of coal would be able to use it as a fuel, instead of wood. In this way the farmers of Nova Scotia will be able to crop the old spruce tree and put it to some of the uses for which it was intended.

I have said that there are other fuels and power competing with coal. There are. I do not wish to be critical of any of the coal companies in Canada, particularly in my native province. I must say however that if the coal companies down there had paid more attention to the preparation of their product, especially for domestic use, their markets would not have to be extended or sought far afield. That is one respect in which they were lax, namely the preparation of their coal for domestic use.

It was about fifteen years ago that a small company down there, I believe it was the Bras d'Or Company, undertook a program of giving to the people of Nova Scotia a coal which could be used in their own homes. Not only did they clean it, but they oiled it. It was that action which brought the matter to the attention of other industries in that part of Canada.

This is not the first time that the Minister of Trade and Commerce (Mr. Howe)—but not as the minister of that department—has come to the rescue of the Nova Scotia coal industry. In 1945 the Acadia Coal Company was in distress and losing money. Mr. Gordon who was at the head of that company felt there was one procedure which would be helpful in that situation.

Formerly there was down there an old-fashioned town by the name of Thorburn. It was burnt-out, so to speak. However in that vicinity there was another good seam of coal known as the McBean seam. The Acadia Company came to the department headed by the present Minister of Trade and Commerce and placed their plan before him. They wanted to borrow money, and offered a plan indicating to the minister that if they were supplied with sufficient money they could open up and mechanize the mine so that the Acadia Coal Company would be placed in a position whereby instead of losing $100,000 a year they would make a small profit.

The Minister of Trade and Commerce is not susceptible to ideas unless they are well supported. In other words, if I may use a common expression, he is from Missouri. Not being satisfied, what did he do? He placed at the disposal of the coal company the services of an expert engineer from the United States who, after looking over the field, endorsed the soundness of the economics in the situation. Treasury board did not hand out money, but proceeded to guarantee a loan to the extent of $750,000 from the banks.

Let me assure the minister today that that action was greatly needed, particularly in the county of Pictou. Indeed I think the hon. member for Pictou (Mr. McCulloch), in the event of the passing of the minister before the hon. member, should constantly pray for the repose of the minister's soul.

Mr. Smith (Calgary West): How soon should we start praying?

Mr. Carroll: A good deal has been said about markets. In what he said the hon. member for Cape Breton South (Mr. Gillis) was quite right: we do need markets. Our securing of markets however must always be premised on the assumption that we can secure cheap coal. That is the first important point. We see therefore that production enters into the picture of markets. We may have all the production in the world, but if we cannot have it at competitive prices, cheaper than we are getting it today, we shall not be able to secure the markets.

I say our markets will come when through our methods of production we are able to get cheaper coal. Only today I was informed that two months ago there was available in Ontario a market for 500,000 tons of industrial coal, but the maritime operators could not supply it. They were competitive, but they did not have the coal—and that is where production enters into the picture.

I can remember that in 1938 there was a tremendous cry throughout the country to get coal into Ontario. An industry in Hamilton gave a contract to the Dominion Coal Company in that very year—and with the possibility of future orders—for 15,000 tons. The company could not supply the order, because their production was not sufficient.

I say therefore that production must be the initial step in the situation—and it must be cheap production. Some years ago it so happened that a commission was set up in this country to look into the situation in connection with coal. I believe it was intended that its investigation should be purely factual, so that it might bring to the attention of the present Minister of Trade and Commerce—not so much to the attention of the coal industry—what was necessary to give us a satisfactory national coal program. This has something to do with the situation to which the hon. member for Cape Breton South referred this morning. Everything possible should be done in the mechanization of these mines to protect the lives of those who go down into the mines to dig the coal.

One of the first things that we attempted to find out was what could be done in the

maritime provinces to safely mechanize the mines. The Minister of Trade and Commerce (Mr. Howe) said that we would have to get a man who knew something about safety measures as well as production. We did get a man who was recommended by a certain coal organization in the United States and by John L. Lewis, the head of the United Mine Workers of America, a Mr. Young. This gentleman went into the whole situation.

The minister of industries, not acting in the capacity of villain in which he was painted the other day but as a Canadian keenly interested in this country, obtained the services of Mr. Wheeler, a gentleman who had been loaned to the British coal control to see what could be done in the mechanization of mines over there. I do not know whether it was necessary to frighten the parliamentarians over there, but anyway this gentleman was brought to Ottawa and in conference with Mr. Young went into the whole question of mechanization as it affected production and safety. Their report does not appear in full in the report of the commission, but I imagine it can be found in the files of the mines department or some place down there anyway.

In the meantime a small-scale mechanization was decided upon in connection with these mines, what was called a short-term plan. This was concurred in by the engineers I have mentioned. The Dominion Coal Company anticipates that within five years 40 per cent of its daily output of over 7,000 tons will be from totally mechanized mines. The company estimates that the productivity of these mines will be increased by five tons per man-day and, with the return to pre-war productivity in the other mines, the over-all unit production will be 3·5 tons per man-day on an 18,000 tons daily output. The company considers that this program will cost about $2,500,000, excluding the necessary outlay for a preparation plant. Old Sydney collieries believe that its two mines can be totally mechanized and that their productivity can be raised to five tons per man-day. The company's plans anticipate that this will be accomplished within a period of five years at a cost of a little over $1,000,000 excluding provision for preparation.

That work has been undertaken in those two mines, and as a matter of fact, so far as the Old Sydney collieries are concerned, it was undertaken two years ago. Mr. Gordon, general manager of the Dominion Coal Company and its subsidiaries, I think is the most progressive, the most courageous man who has ever occupied that position. He is a man of great vision.

Mr. Smith (Calgary West): What is the production per man per day after the two years?

Mr. Carroll: The last figure I got for 1948 was 2·6 tons.

Mr. Smith (Calgary West): No progress.

Mr. Carroll: That is the over-all production. In those particular mines it is much more. Mr. Gordon was not satisfied with having to pay tremendous prices for coal loaders and that sort of thing which would have to be imported into this country and he went down to Washington and organized the situation so that this equipment will be manufactured in the Trenton steel industry at Sydney.

The other day I picked up a clipping which makes a reference to these mines I am talking about, the Old Sydney and the No. 1-B, which reads:

> Dominion Coal Company has just installed a new 1,800 h.p. mine hoist for its No. 1-B colliery, Cape Breton island. The new hoist and another like it at the colliery are the most powerful hoists ever built for underground service in any colliery in the world.
>
> The new 70-ton hoist will pull 17 full cars of a gross weight of 110,000 pounds on a fairly steep gradient at a speed of 1,350 feet per minute.

Then followed something that made me feel good and should make everybody in Nova Scotia feel good:

> It took over a year to build the new hoist at the Trenton Steel Works of Nova Scotia Steel and Coal Company, another subsidiary of Dominion Steel and Coal Corporation. After tests, it was recently stripped down and shipped to Cape Breton for installation.
>
> The giant hoists are required because of the increasingly greater depth at which subterranean mining is being carried out.

That is one of the things that Mr. Gordon proposed three years ago and it is one of the things that he has carried out in connection with the small plan. But a long-term plan has been submitted by the two engineers I referred to, it being prepared in consultation with the mining engineers of the coal company and with another engineer from the west who was there at the time. This will cost a tremendous amount of money. It will require the continuous efforts of a skilled staff for several years to develop the engineering data necessary to determine whether the erection of a full-sized cleaning plant is warranted. However, as I said a moment ago, I am not going into that over-all plan. I have no doubt in the world that it is the intention of the company to go ahead with that over-all long-range plan.

This morning there was an item read by the hon. member for Cape Breton South (Mr. Gillis) who knows more about actual coal mining in this country than anybody else I

know. He has spent many a hard tiresome day in the mines, and many a hard tiresome hour walking back a mile and a half from the actual mining operation to the surface. He drew the attention of the house to the fact that at Campbellton in the Atlantic region there are tremendous piles of coal that have been purchased from the United States. I think there is something rotten in the state of Denmark so far as that is concerned, but there is no doubt about the facts. It is not as large a quantity as last year, but it is there because of the fact that certain coal was dumped in this country about five or six months ago—the practice may be continuous—and sold to the Canadian National Railways at a very low price. I do not want to contradict the hon. member for Royal (Mr. Brooks), but there are no subventions on maritime coal going into the Campbellton area. Therefore if the United States sells coal there at a much cheaper cost than Nova Scotia coal, or other maritime coal, the competition is not met by subvention. I do not know much about subventions at the present time, and as a matter of fact never did, but I do not think there is any subvention paid on Nova Scotia coal competing with coal produced in New Brunswick.

Mr. Brooks: Mr. Speaker, I think the hon. member is very much misinformed because ever since a subvention has been given there has been one on Nova Scotia coal coming into New Brunswick. I know that for a fact, and I think the minister will bear me out.

Mr. Carroll: It was just about two years ago that I got the information. I do not know whether I am right, but in any event I am not contradicting the hon. member. We had a meeting in Fredericton a few years ago and that very question was raised. I am sorry, Mr. Speaker, to have overstepped my time, but particularly on behalf of the province of Nova Scotia and the island of Cape Breton I am very thankful to the government for the assistance they are offering to the companies. It is not an indication of failure on their part. It is a loan to the coal companies. I want to thank the government for that, but I feel down to the bottom of my heart—it is not out of my mouth yet—that the two gentlemen who are responsible for it are the Minister of Trade and Commerce (Mr. Howe) and our minister from Nova Scotia (Mr. Winters). A few years ago they were two in one. The present minister from Nova Scotia was assistant to the Minister of Trade and Commerce. They were two in one. I do not know whether it was at that time that the Minister of Trade and Commerce made his assistant aware of the interests of the coal industry in the maritime region, but we are indebted to these two gentlemen for the present measure.

The other day the Minister of Trade and Commerce was variously described as a hero and a villain. I do not care in what capacity he was acting in this regard so long as he has not hurt the government and the country. I do not care whether he was a villain or a hero. I think he was acting as a real business executive. He is following the same role that he carried on during the war when the production of Canada was taken from nothing to a place where it was the envy of the world. He may have been a villain in the eyes of Germany in those days because he took quick steps to put the Germans in their place, and to keep them there at least for some time to come.

I want to say one word more, and perhaps it should be addressed to the Minister of Mines and Resources (Mr. Gibson). I shall be at his door in a short time, and I hope that he will have his geological and survey officials co-operate with the mines department of Nova Scotia as to mining methods and everything else. I hope a complete survey will be made of the west coast of the island of Cape Breton which happens to be in the constituency that I represent. We have coal there, but the trouble in the past has been that the people who had control of the coal did not mine it properly. They were given too much leeway. That is why I am asking the Minister of Trade and Commerce to interest his friend, the Minister of Mines and Resources, in this matter, or whoever may be the new minister. I hope the result will be that they will put at the service of the mines department of the province of Nova Scotia not only geologists but also technical advisers to see if something cannot be done for the purpose of bringing the industry to life again in that particular part of the province.

Mr. P. C. Black (Cumberland): Mr. Speaker, I represent the second largest coal producing centre in eastern Canada, the county of Cumberland. On behalf of the coal miners, business people and all other residents of that county, I want to express appreciation to the minister and to the government for introducing this legislation. I also want to express my appreciation to the members of the house for the good will they have shown towards the coal industry of the maritime provinces on the present occasion and previously. We are fortunate today in having the hon. member for Cape Breton South (Mr. Gillis) with us. He has as intimate a knowledge of the operations of the coal industry

in Nova Scotia as anybody. He has the advantage of having rubbed shoulders with the miners of Nova Scotia, and he knows their viewpoint. We are fortunate in this discussion in having in the house the hon. member for Inverness-Richmond (Mr. Carroll) who has lived in the coal mining areas. He made a study of the industry over Canada, and after two or three years of investigation his royal commission brought down a report, which contains a great deal of information. Nothing much of a practical nature has been done with respect to it as yet, though I believe this legislation is along the lines of that study and in accordance with the views of the people associated with the coal mining industry in eastern Canada.

This industry is faced with great problems, problems of production, freight and markets; and over the years there has been the problem of human relations. To have this industry built up and put upon a sound basis would mean a great deal to our part of Canada. The federal government is going to do some financing, but the money will be paid back because the loans are made to these coal companies on the basis of ordinary industrial loans, to enable them to make improvements and install equipment they might not be able otherwise to obtain. But even if this should cost the federal treasury ten or twenty or fifty million dollars, most of that money would eventually return to central Canada, because a large proportion of the purchases made by the people of Nova Scotia and eastern Canada generally are made here.

For a long time in Canada we have needed a fuel and steel policy; I think everyone agrees that this is necessary. I have been associated with this matter in one capacity or another for twenty-five years. Relations between the workmen and operators twenty-five years ago were about as hostile as they could be. The coal operators in those days were hard-hearted, and did not have the sympathy for the viewpoint of the workmen that they should have had. Efforts were made to break the unions and discourage the miners. I and those associated with me took the stand that the miners were entitled to belong to a union of their own choice; and we supported them in that respect. Legislation was passed and regulations were drawn up to protect and benefit the miners. As the years have gone by I believe the attitude of the operators has changed, so that today there is far more good will toward the workmen and their point of view than there was twenty-five or fifty years ago. I am sure we cannot make a success of that great industry unless we have the confidence and good will of the workmen. Theirs is a hazardous occupation, and over the years they have paid a high price in accidents and fatalities in the operation of these mines. The protective measures have been greatly improved, but there is still much to be done; and no matter how much is done, there is always a great hazard in coal mining.

The coal mines of Nova Scotia are publicly owned by the people of that province. Years ago, in the days of Sir Charles Tupper, they were taken over from the then owners in England, and they have been leased to the operators. Personally I believe the areas leased were too large, and that it would have been much better for the industry and all concerned if this wholesale leasing had not been done. I believe with the government, that this is not an industry that should be operated by any government. It should be operated by private enterprise, under strict supervision.

The hon. member who preceded me spoke of the number of tons raised per man-day. A few years ago that figure was very much lower than it should have been, and I am pleased to note that there has been some improvement. The workmen were blamed for that condition, but they were not at fault. Perhaps there should have been a little more good will on their part at times; perhaps we should not have had some of the strikes that occurred. But many of the best workmen were attracted to other branches of industry, or were told that they should enlist in the services. For this reason many left their places in the mines, where they could have given better service even than on the field of battle. Inexperienced men took their places; the morale of the workmen deteriorated and the production per man was reduced. The workmen were not to blame for that situation, but it stands to their credit.

In recent years increased freight rates have made the delivered cost of the fuel higher, and the payment of subventions started in the early 1930's has been absolutely necessary to enable us to market the quantity of coal we are able to produce. That policy will have to be continued for many years, perhaps to an even greater extent than in the past. It is recognized in Nova Scotia that if we are to have full production in our mines it is necessary that we market yearly in central Canada from three to four million tons of coal. That cannot be done unless there is cheap water transportation and rail subventions. If the Chignecto canal were built and access given to Northumberland strait the shipment of coal would be made easier and transportation costs would be reduced.

There are in the county of Cumberland two of the large coal fields, Springhill and Joggins-River Hebert-Maccan-Chignecto-Fenwick. Springhill is one of the best fields in Canada with the highest quality of coal, running over 14,000 b.t.u.'s. It has been operated for many years, and they have gone down from eleven to twelve thousand feet. One seam is nine feet thick, pure coal; another is six feet thick; another is four and a half feet; and there are other seams in that area. In Cumberland county we produce about six hundred thousand tons per year. In the Joggins-River Hebert-Maccan-Chignecto area there are several seams from sixteen inches up to three feet and more. There are experienced managers and workmen in those mines so that even with those thin seams, production per man has been higher than at any other mine in Nova Scotia. The b.t.u.'s of the coal from that field are not as high as the coal in the Springhill area, but it is splendid domestic coal. These mines should be equipped with washing plants in order to remove the impurities from the finer coal, and I believe that is a contribution which should be made by the federal government. This would increase the quality of the coal produced in that area and widen the markets.

Competition for markets has always been keen, especially during times of depressed business conditions. Back in the thirties, the mines were operating only one or two days a week. There was a surplus of hydroelectrical power which was not being used by the paper mills; and in industry that electrical energy was placed under boilers, and took the place of coal. In those days, there was also the competition of coal coming from overseas, which was brought to this country in the form of ballast. As business conditions improved, the market widened out. It is considered necessary to continue subventions, and to secure a market for three million or four million tons of coal in central Canada.

Maritime coal is now faced with competition from oil. Many domestic establishments are using oil today, whereas in previous years they had to burn coal. It is discouraging for the maritime provinces to find that the Canadian National Railways have been purchasing such large quantities of imported coal. This replaces the coal available in the maritime provinces, and the practice is one that should not be continued. The maritime provinces were disappointed also when it was found that the Prince Edward Island car ferry was equipped to burn oil. This replaced 25,000 or 40,000 tons per year, which it was considered the maritime producers should supply.

There should be some development in connection with making chemicals from coal. So far, that has not taken place in Nova Scotia. Coal from the maritime provinces has been shipped in the roughest, cheapest form. Industries were built up in Germany, Great Britain, and to some extent in the United States, for producing chemicals, gasoline and oil from coal. As I have mentioned, washing plants should be established in the River Hebert-Joggins fields, in order to purify the coal, and get a higher percentage of carbon and more b.t.u.'s.

If the maritime provinces are going to compete for the coal market in central Canada they must receive assistance. A cheaper grade of coal might be used in the manufacturing of electric power. In the west, there is a cheap source of power in the form of oil and gas. This oil and gas was partly paid for by the maritime provinces when they contributed in purchasing the land from the Hudson's Bay Company. I believe the federal government should make contributions towards the utilization of cheaper grades of coal in the maritime provinces for the generating of electricity. This would provide that cheap power which is necessary if the maritime provinces are to compete with the other parts of Canada.

Another factor to be considered, Mr. Speaker, is the preservation of American exchange. The more coal we can produce in Canada, the less United States exchange will be required in Canada. I believe this country will be rewarded if the proposal to finance and fully develop the coal-producing mines of Nova Scotia is approved. This is a desirable and necessary proposal. No doubt it should go farther than it does, but I believe the plan the minister is undertaking is essential to the welfare of the maritime provinces. Once again, I express my appreciation to the minister, and to the members of the house, for what is being done.

Mr. Gordon B. Isnor (Halifax): Mr. Speaker, I will be very brief. One of the western members told me that if I spoke on this question and took more than two minutes, we would not get this $10 million. I am most anxious to see this bill go through, and for that reason I am going to stay within the two-minute limit.

As one of the members from Nova Scotia, while not directly from a coal-producing area, I want to say that the effect of this bill will be felt throughout the whole province of Nova Scotia, as well as the other maritime provinces. For that reason we are certainly in favour of its early passage. It is a step which should have been taken years ago, as the member for Inverness-Richmond (Mr. Carroll),

who is an authority on the question, and our friend from Cape Breton South (Mr. Gillis), mentioned.

The main factors entering into this problem are production and markets. Perhaps transportation is a third item, but unless you have production it does not do much good to have markets, as has been clearly shown. I believe we can produce the markets through the sales organization of the biggest company in the coal industry, which produces 87 per cent of the coal produced in our province.

I wish to touch on one or two items that have not been mentioned so far as I know. We have 19 coal operators in Nova Scotia, the largest of which is the Dominion Steel and Coal Company, which produces 87 per cent of the coal. As the member for Inverness-Richmond (Mr. Carroll) mentioned, the production per man-day is about 1·97 tons.

Mr. Carroll: Two point one nine.

Mr. Isnor: Two point one nine; that figure has gone up since I made a note of it. I mention that because it is estimated that with this new machinery there should be a daily production of something slightly over six tons per man. Production is the all-important question, because increased production naturally lowers your overhead costs and puts you in a position where you are able to meet the competition with which you have to contend. That is the one point, Mr. Speaker, that I wish to place before the house. We produce the second largest amount of coal in Canada. Alberta produced 8,826,239 tons in 1946. We produced 5,425,898 tons. We feel that that could be increased to eight or nine million tons a year at a lower price. If we did that we would be in a position to compete to a greater extent in the markets of central Canada. Someone has already told me that my two minutes have more than expired, and I shall take my seat.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, because of certain remarks that were made earlier I wish to make some comments on the bill and the scope of the provision contained in it. The purpose has been stated to be an improvement of the producing methods of the coal mines of the maritime provinces. The provisions are very wide. They simply state that the minister, with the approval of the governor in council, may enter into agreements with the coal producers to carry out undertakings designed to increase the efficiency of the operations of the coal producers by means of mechanization. Subject to the provisions as to how interest is to be computed and as to the time that repayment is to begin and the placing of a first charge upon the assets of the producer, everything else is upon a wide-open basis at the discretion of the minister. For that reason I should like to point out what I do think we should begin to consider more seriously here in Canada in seeking the most effective use of the very large coal resources we have, and particularly those coal resources in the maritime provinces which have been causing some difficulty for some years from the point of view of economic production.

Speaking earlier in this debate one hon. member said that on another occasion outside this house I had spoken of the way in which the use of our coal could be increased. I do not intend to enlarge upon that statement at this time, because we are dealing now particularly with the improvement of producing methods in the coal mines of the maritime provinces by making it possible to improve mechanization in the coal production of these mines. I do suggest, however, that the hon. member for Cumberland (Mr. Black) has put his finger on one way in which a great deal of this coal could be used. Today a very large percentage of the industrial production of the world, and particularly in the highly developed industrialized countries, is based upon a supply of electric energy. The use of coal is still the basis of electric production to a very considerable extent in most countries. We sometimes forget, particularly in the central provinces, in British Columbia as well as in Alberta and Manitoba, that most countries do not possess the great water resources that we do for the production of electric energy. The fact is that in most countries of the world today electricity is obtained primarily from coal, lignite, peat, fuel wood or some other obtainable fuel, and not based upon water supply. The great producers of electric energy before the war, namely the United States, Germany, the United Kingdom, France and Soviet Russia, produced most of their electric energy from coal, lignite, peat, or other fuels. Therefore we should look to the use of coal for the production of electricity in the most economic way in those areas where there are no great waterfalls which can provide electric energy.

In Europe, and particularly in Germany and Russia, shortly before the war highly successful developments had taken place in the production of electric energy by burning low-grade coal under ground and producing gas from which electric energy was produced at costs almost comparable with hydroelectric energy. Whether coal be converted to electricity by an underground process of that kind, or whether it be carried into the great burning furnaces of electric plants beside coal seams through continuous chains of hoppers, or whether it be used in

any other manner, I do believe that in the maritime provinces there are great opportunities for the employment of coal for the production of electric energy which could then be carried easily to every part of the province for the purpose of industrial production as well as the various domestic uses which would add to the comfort of the people of every part of the maritime provinces through the possibility of obtaining electric energy at a lower cost than they pay today.

This is not in any way in the realm of theory. In the sub-Moscow area of Russia there is a tremendous electric power plant using low-grade underground seams for the production of gas, which is then turned into electricity at very satisfactory cost levels. When I say that I do not mean satisfactory on the evidence of the information furnished by Soviet engineers, but on the evidence of engineers from Canada who have visited that project.

What procedure is used is of course something to be worked out by engineers who will examine the possibilities in each particular area; but it does seem to me that when we are considering the use of public funds to improve the productive value of the coal that we possess, either in the maritime provinces or elsewhere, we should be at the very vanguard of research in this field. After all, Canada is today in the very forefront in the production of hydroelectric energy. With our enormous coal resources placed in areas which are in many instances distant from the points where the coal will be used immediately, it undoubtedly is desirable to reduce it to the most easily transported form of power that there is.

There is another field of research which I suggest should be contemplated when a subject of this kind is under consideration. In Europe, through pressure of necessity, science had found ways of converting coal into textiles and into many of the things in daily use in the homes, offices and factories. Doubtless there are a number of hon. members here who had the opportunity to attend the world's fair at Paris in either 1937 or 1938, and if they did they will recall that in the German building there were demonstrations of the use of coal for such an infinite variety of useful purposes that it challenged the imagination and opened wide the possibilities to every country which has resources of coal such as we have.

Perhaps we might remember that Germany, which came so close to dominating the world through the use of vehicles moved by internal combustion engines, relied almost entirely upon liquid fuels produced from coal. In addition to the possibility of converting coal into electricity there is also the possibility of liquefying coal and converting it into gasoline and oil, and other liquid products of that type. The German air force and tank force, which came so dangerously close to success in the last world war, relied almost entirely during the greater part of the war upon fuels provided in that way.

In the very nature of the expanding use of gasoline from crude oil obtained from the ground, and the steady consumption of existing supplies which within the measurable future will undoubtedly exhaust certain fields, the cost of that type of fuel is likely to increase to a point where we should be contemplating the use of coal for the production of fuel of that kind in the not too distant future.

I have mentioned these things at this time because the bill before us contains a wide-open provision for assistance to coal producers for the purpose of increasing the efficiency of their production by mechanization. I suggest that mechanization of that kind need not mean only mechanization in the actual hauling of the coal in its solid form, but also mechanization of another kind which would use coal for other purposes.

There is in the bill another feature which interests me, and that is that while $10 million is available as a total amount, the figure indicated as the limit to any one producer is $7,500,000. That would seem to be a large percentage of the total figure. It might be interesting to have the minister inform us if at the present time there is in fact any tentative arrangement in existence which indicates the necessity for single advances of that nature, in relation to the total of $10 million of advances to be made.

I am sure every hon. member supports the idea of mechanization in coal production. I should hope however that in supporting the idea of improving our coal production methods we might also urge that Canada lead the way in the scientific use of our coal resources in the best interests of our people.

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

On section 1—*Short title.*

Mr. Black (Cumberland): May I have a copy of the bill before we proceed to discuss it?

The Deputy Chairman: Does section 1 carry?

Mr. Black (Cumberland): I should like to have a copy of the bill.

The Deputy Chairman: Shall section 1 carry?

Some hon. Members: Carried.

Mr. Black (Cumberland): I do not think it is fair to carry this section until we have a chance to look at the bill.

Mr. Howe: The bill was distributed two or three days ago. I think the hon. member has it on his file.

Section agreed to.

On section 2—*Definitions.*

Mr. Isnor: Does paragraph (c) which defines "project" include the treating of coal, apart from the production of it?

Mr. Howe: Yes, it includes washing and polishing plants—the entire mechanization from the mine to the finished product.

Mr. Isnor: Does it include the carrying out of research in the research centre at Dalhousie, which is paid for by the company?

Mr. Howe: No, it would not. The purpose of the bill is to improve the efficiency of coal-mining in Nova Scotia.

Mr. Brooks: And New Brunswick.

Mr. Howe: I meant to refer to the maritime provinces. The purpose is to prevent the maritime industry from being priced out of its market. The costs of mining are steadily going up, while the costs of competing coals are tending to fall. The gap is being met at the present time by subventions, but these are getting too large for comfort. We hope to lower the cost of producing maritime coal and to lower the cost of subventions now required to allow that coal to move to market.

Mr. Carroll: If a coal operator wishes to have a preparation plant, might this loan be used for that purpose?

Mr. Howe: Yes. I have already discussed with the premier of New Brunswick, in a very general way, a preparation plant for the Minto area. That particular area seems to lend itself to that solution; which is quite within the terms of the bill.

Mr. Black (Cumberland): How many projects will have the opportunity to get the loan?

Mr. Howe: We have received only one well-rounded project, and that is the project for the mechanization of the mines of the Dominion Steel and Coal Company. That company has spent three years in preparing its projects. It has brought in outside engineers to check the plans worked out by its own operators. An expert has been retained by the coal board to examine its proposals. We have today only one project, which runs to a total of some $15 million, and calls for the mechanization of all the mines of the Dominion Coal Company.

[The Deputy **Chairman.**]

Mr. Black (Cumberland): That is the one operation where you propose to lend $7,500,000.

Mr. Howe: Up to that amount.

Mr. Black (Cumberland): Have any proposals been made with respect to other smaller operations?

Mr. Howe: We have received none, except that we have discussed in a very preliminary and tentative way a project for a treating plant for the Minto mines.

Mr. Black (Cumberland): Would it be possible to have a washing plant for the preparation of the finer and poorer grades of coal, such as those produced in the Maccan area, which then could be made into briquettes? Has the department given consideration to the construction of a briquetting plant in which all the operators in the area could process their coal?

Mr. Howe: That would hardly come within the scope of this bill. There are many briquetting plants in Canada but all are privately owned. This bill is simply to improve the method of bringing coal out of the mine and preparing it for market.

Mr. Brooks: That would include strip mining.

Mr. Howe: Stripping is already a mechanized operation.

Mr. Hansell: We have been told that this bill is to cover any coal mining operations in the maritimes, but is it not really to assist one company which is somewhat in financial distress?

Mr. Howe: I would ask my hon. friend to recall that that one company produces well over 80 per cent of the coal mined in the maritimes and for that reason it is logical that the relief for that operation would be somewhat in proportion to the size of its production. We have discussed, although only in a preliminary way, this matter of a washing plant with several of the small operators in the Minto area. We shall be delighted to discuss a project with any operator in the maritime provinces. The $10 million is sufficient for any operation that we have been asked to assist in at the moment, but if it should prove to be insufficient we will come back to parliament and ask that the appropriation be enlarged. The original figure was $15 million, but it was decided that the prospects for mechanization did not warrant an appropriation of that size at this time.

Mr. Brooks: What is the estimated cost of the mechanization in the Minto area?

Mr. Howe: That project has never really been studied. As I say, it was discussed only

in a preliminary way. My hon. friend will note from the terms of the bill that the money advanced has to be paid back and that there must be a private investment along with the public investment. Until such an arrangement can be worked out no estimate of the cost would be warranted.

Mr. Brooks: Are the operators or the provincial government negotiating with the minister?

Mr. Howe: There have been no negotiations. As I say, there were preliminary conversations no more than two or three weeks ago. I think the provincial government will follow up the matter with the operators and advise us if it is their wish that a project be undertaken in the Minto area.

Mr. Brooks: Nothing definite has been decided?

Mr. Howe: No.

Mr. Wright: Has some estimate been made of the extent to which this mechanization will reduce the cost of production? What saving will there be in the cost per ton?

Mr. Howe: It is difficult to know that with any certainty. My hon. friend will notice that the loan is to be repaid at the rate of 30 cents per ton on every ton of coal mined with mechanization provided by this bill. I should think that in the Nova Scotia area the savings will average from $1.50 to $2 per ton.

Mr. Johnston: It is expected that with mechanization these mines will be able to produce coal at an economic figure and pay back the loan?

Mr. Howe: Yes.

Mr. Johnston: By reason entirely of mechanization?

Mr. Howe: Yes.

Mr. Hansell: Is it anticipated that there will be new companies in Nova Scotia or New Brunswick which might be granted loans under this bill?

Mr. Howe: The bill is not intended to provide for new companies. I doubt if there is room for any new companies as the better seams are already under development. The purpose of the bill is to improve present mining operations.

Mr. Hansell: I believe that in other parts of Canada companies have been organized but because of certain difficulties have not started operations, and I was wondering how they would fare with this bill. Will they have a right to come to the government for similar assistance? I do not know the maritime coal situation as well as I do that of the west, but is it anticipated for instance that loans will be made for the construction of railroads?

Mr. Howe: No.

Mr. Isnor: A moment ago the minister stated that this bill was intended to assist only privately-owned coal companies. The Inverness Coal Company in Nova Scotia is operated by the province and I should like to know if they would come within the terms of this bill?

Mr. Howe: We have not been asked to consider that and I should not like to give an answer until such a request is received.

Mr. Isnor: It is possible that that company might be taken over by private interests. Would it come within the terms of this bill as a continuing company?

Mr. Howe: My hon. friend will note that before a contract is entered into the coal board and the minister must be sure that the company can put up at least one-third of the expenditures and be able to refund the debt on the due date. If the mine in question can meet those specifications, it might be considered, but perhaps that is a big "if".

Mr. Hansell: Has the minister been approached in the last year or two by any company with respect to the building of a railroad into a coal mining area?

Mr. Howe: That question is hardly necessary, because I remember a rather merry evening in the house when that whole subject was before us and when the applicant was sitting in the gallery. I think my hon. friend took part in the frolic, so I can say "yes".

Mr. Bryce: When you talk about mechanization do you mean that the coal-cutting machinery which is operated by compressed air is simply to be changed to electrical operation, or is entirely new machinery to be installed to work wider and deeper seams?

Mr. Howe: Mr. Chairman, I am not as well able to explain this as my hon. friend's deskmate, but great strides have been made in the process of mechanizing coal mines in the post-war years. The hon. member knows that it was thought before the war that the mines of the United Kingdom were not subject to mechanization, and he will also know that great sums have been spent on mechanizing English coal seams with a consequent considerable reduction in the cost of mining. He also knows that new mechanization methods have been introduced into the United States mines within the last two years. New types of cutters and loaders have come into

use. It is my understanding that the mechanization of the Nova Scotia mines will follow the latest technique that has been developed in the United States and the United Kingdom since the last war.

Mr. Bryce: I want to thank the minister for that information. I am only drawing on my own experience. I never was a coal miner, but I did a lot of work in the pits in connection with coal-cutting machinery and that sort of thing. Quite recently I was speaking to some of those connected with the British mines, and the machinery there is quite different from what it was in my day.

Mr. Drew: Mr. Chairman, I should like to ask the minister a question. As I understood it, a moment ago the minister in response to a question which had been asked said that the loan would be available if it was approved by the minister and the dominion coal board.

Mr. Howe: And by cabinet council as well.

Mr. Drew: So far as I can see the dominion coal board is not called upon to approve the loan.

Mr. Howe: That is technically true, but the coal board advises the Minister of Trade and Commerce in all matters affecting coal, and the authority of the minister is exercised through the agency of the dominion coal board.

Mr. Drew: The only reason I mention it is that I want it to be quite clear that the bill gives the authority to the minister to make an advance, and the only place where the dominion coal board comes in is in determining the cost for the purpose of fixing the terms of repayment.

Mr. Howe: I think it is usual in cases of this kind that the minister and cabinet council shall have authority to decide on the project; but, as I say, the coal board is the agency of the minister in this matter.

Mr. Black (Cumberland): I should like to ask a question as to what the situation will be if coal producers mining the smaller seams agree to install a washing and briquetting plant in order to remove impurities and increase the b.t.u.'s of the coal. Nothing they could do would tone up the whole coal operation in that area to a greater extent than the installation of such a plant so that the poorer grades of coal might be improved and made marketable for domestic purposes. If they agree to undertake such an operation either singly or jointly under this legislation, would it be practical for the department to co-operate with them?

Mr. Howe: The coal board will certainly study a proposal of that sort, and if it is found to be within the limits of the act I think it will qualify. I mentioned briquetting. That is a little different from the mining operations that the bill is intended to assist. Most briquetting plants are built with private capital and are operated as a separate industry, but nevertheless I am sure the coal board would be glad to study any proposal put forward from the maritime provinces, and if it can be fitted into the act it will then qualify.

Section agreed to.

On section 3—*Loans to producers.*

Mr. Ashbourne: While the bill is before the committee I should like to point out to the Minister of Trade and Commerce that considerable delay has been experienced by schooners and auxiliary craft at North Sydney in procuring cargoes of coal for Newfoundland, and possibly also for other parts of the maritimes. I should like to point out the seriousness of this at all times, and particularly during the latter months of the year when it is most important that stocks of coal be provided especially for the northern part of Newfoundland before the close of navigation. As I understand it, the practice is that these vessels arrive at North Sydney, book their cargoes, and then if a large steamer arrives the smaller auxiliaries have to wait.

There may be half a dozen or a dozen of these smaller craft which will carry 200 to 250 tons of coal each. They have to wait while a large steamer comes in and fills up with possibly 3,000 tons. I think this practice needs to be investigated. I heard of a case recently where one of the prominent firms of Newfoundland had to take off a boat from the coal-carrying run in order that another charter it had to carry fish south might not be prejudiced. On account of the delay which this vessel would likely experience at North Sydney, they could not take a chance on sending her back there for a cargo of coal. It may be that additional loading facilities are required, and perhaps another pier, but I should very much like the Minister of Trade and Commerce to look into the matter and see whether or not greater dispatch cannot be achieved so that the expediting of these cargoes of coal can be speeded up. I am sure the people of Newfoundland would be most thankful for his attention in that regard.

Mr. Howe: The problem mentioned by my hon. friend is squarely within the responsibilities of the dominion coal board. Now that it has been called to my attention, and to the attention of the board, I assure him that an investigation will be made and steps taken to ensure that adequate supplies of coal can move to Newfoundland.

Mr. Black (Cumberland): I should like to ask the minister what will be the terms of the loan. For how long a period will it be and what will be the rate of interest?

Mr. Howe: My hon. friend is now referring to section 4.

Mr. Black (Cumberland): Section 3 deals with the loan.

Mr. Howe: Section 4 mentions the rate of interest and the term of the loan.

Mr. Hansell: I think section 3 is a good one. It would seem that those charged with the administration of it are going to see that the coal mining companies are run on a sound and efficient basis. If those in charge of the granting of loans find that companies are not so organized, I fancy they will not get a loan. The section looks good if it works out properly. A lot can happen to a company of this kind to render it inefficient. Subsection 2 (d) reads:

> That the coal producer is following sound and reasonable policies as to dividends and will repay the loan and interest as provided by the agreement.

Would the minister care to say what he thinks would be a fair rate of dividend? I think that information should be given because there are companies operating without assistance which are cutting their dividends in order to operate efficiently. Would the minister care to give us an answer?

Mr. Howe: A fair dividend depends entirely upon the current earnings of the mine and the extent to which those current earnings depend upon subventions or other government assistance. Generally speaking I would think that if the government is co-operating to finance improvements, dividends certainly should be limited to preferred dividends, and preferred dividends should be paid only if they are well earned under normal conditions, without government assistance.

Mr. Hansell: Would the government have anything to say as to what the amount of those dividends should be? Would the government insist that they be reasonable during the time of amortization? What would be the position?

Mr. Howe: The government has the right to determine the conditions on entering into the agreement. It is one of the conditions of this bill that the dividend policy shall be reasonable in the light of all the facts, and the agreement made is bound to touch upon the matter of dividend payments.

Section agreed to.

On section 4—*Terms of repayment.*

Mr. Hansell: It appears to me that the rate expected to be applied to the repayment of loans, that is 30 cents per net ton, is pretty optimistic. This morning I placed on record from the report of the Carroll commission the approximate figures with respect to profits per ton in the coal mining industry of Canada. In its conclusion that report placed the profit per ton for the entire coal mining industry at about 10 cents. I should like to know how this figure of 30 cents is arrived at. I do not mind that figure being in the bill, because the sooner they can pay off the loans the better; but I do not see how it can be expected that the operators are going to be able to pay dividends, pay interest on the loans and still show a profit of 30 cents a ton to be applied on the principal, unless unusual circumstances prevail in connection with a particular company. What this means is that the assistance they are given by way of loans in order to mechanize and modernize their mines is expected to enable them to sell coal at a profit of something considerably more than 30 cents a ton. To me that appears rather optimistic. Suppose they are not able to meet that payment of 30 cents; what happens then? Are we going to write off the loan as a bad debt eventually? Would the minister inform the committee just how that figure of 30 cents was arrived at? It could not have been a guess; actuarial genius must have been at work in order to arrive at that figure.

Mr. Isnor: Perhaps before the minister replies I might ask a question along the same line. I had my finger on that figure of 30 cents, and wanted to get some information about it. Taking the main operator, who is entitled to borrow $7,500,000, with an output amounting to 87 per cent of the total, if my quick calculation is correct that company would have an average production of roughly 4,500,000 tons, and would repay the loan in something like six years. My figures may not be correct, but if they are this would appear to be quite a burden upon the company, bearing in mind that they should not increase the price to the consumer in order to make up this 30 cents.

Mr. Howe: The 30 cents is fixed as a reasonable part of the saving that mechanization will produce, to be used for amortization of the government loan. This is not the first loan of the kind to be made in the maritime fields. Back in 1944 or 1945 we were asked to guarantee a bank loan to mechanize the McBean seam at New Glasgow. The hon. member for Pictou was very active in promoting that proposal, and the loan was made. We guaranteed a loan of $730,000, and the terms of repayment provided that

the loan should be liquidated in quarterly instalments of $36,500 over a five-year period which I believe works out at the rate of roughly 25 cents per ton of coal now being produced from the seam. Those payments have been made on the due dates, and by this time I rather think the loan is pretty well retired. Generally speaking, unless mechanization effects substantial savings in the cost of mining coal we had better not go ahead with the bill. If this legislation will not produce savings that will permit amortization of the loans at the rate of 30 cents per ton, I would not bother with it. My hon. friends speaks of paying this amount out of earnings. That is a little different to paying it as amortization. Earnings are subject to taxation and are quite different from amortization provided for under the terms of the bill.

Mr. Black (Cumberland): I agree with what has been said by some hon. members. In our area, with the smaller seams, I believe they rarely make a profit of 30 cents per ton on their operations, and that figure would seem to me to be excessive. The operations the minister has referred to are financed by a wealthy company, Dominion Coal Company, which has great assets of one kind or another and is able to meet such charges in its ordinary financial operations. It is much more difficult for some of these smaller companies to do so. While I know they would be glad to get the loan paid off as quickly as possible, it seems to me that it will be a pretty severe hardship on them if a profit of 30 per cent is to be taken as a first charge on their operations.

The minister says he would not be interested in a loan of this kind unless the companies were prepared to meet this condition. I want to point out to him that in carrying on coal mining operations there is continuous development and continuous expense in connection with the replacement of machinery, the sinking of deeper shafts, putting in new workings and so on. While a certain tonnage may be taken out on which a profit will be realized, that profit is put back into new machinery or further operations; so it would seem to me that 30 per cent—

Mr. Howe: It is 30 cents per ton.

Mr. Black (Cumberland): It seems to me that is a pretty heavy burden to impose on many of these operations that will be looking to the department for financial assistance.

Mr. Brooks: I should like to ask the minister a question concerning subsection 3. From what he said about the Minto area I rather gather that there it would be a joint undertaking of the different operators, who are all carrying on in a rather small way. The minister said he had discussed the matter with the premier of New Brunswick, and I thought it might be a joint operation.

Subsection 3 provides:

> A loan shall be secured by a first charge or mortgage in favour of His Majesty on the mine and equipment in respect of which the loan is made or on other property of the coal producer or by such other security as the minister may approve.

Suppose that this is a joint operation, and one operator's mine was clear while another was encumbered; is there some way that is being worked out with the local government? When it says "other security", I take it that means that the local government might give security for the operator in that area? Frankly, I would be afraid that the coal mines in the Minto area were not clear of encumbrances. Is there some way this could be made to apply to them?

Mr. Howe: The recommendations that have been made for improving the Minto field include a washing and cleaning plant. This would probably be a custom plant. By that I mean a plant that would take in anyone's coal, and clean it at so much a ton. The mortgage could only be on the plant itself; the mines could not be involved.

Mr. Gillis: The hon. member for Macleod put on the record the amount of the per ton profit. Those figures did not impress me very much.

Mr. Hansell: I got them from the commission's report.

Mr. Gillis: They still do not impress me. The major portion of this money will be lent to Dosco, which is a $29 million per year corporation. I believe the minister's audit department ought to consider the fact that this company has 29 subsidiary operations hooked on to the coal industry. It is so easy, with such a large organization, to divert profits from one company to the other, and hide them. I believe the minister will have to watch that no items, except those entering into the cost of producing coal, are considered in the current year in relation to this 30 cent charge which the bill contains. As the member for Cumberland suggested, development work and other such things should be charged as a capital cost, and not be charged against the cost of producing coal.

In the past, if a million dollars was spent on development, instead of charging that as a capital cost over a period of years, it would be charged against the cost of producing coal in that year. I do not think there is going to be any difficulty with the bill. The minister has handled subventions and subsidies for coal for the past eight or nine years, so I believe he is familiar with the policy of

those who will be borrowing the money. He will know their methods of manipulation. I do not believe there will be any difficulty on that score.

Section agreed to.

On section 5—*Depreciation allowance.*

Mr. Low: Will the minister give us an example of what is meant by that clause 5? I believe I know, but I should like to make sure.

Mr. Howe: The repayment of the loan is to be treated as accelerated depreciation. In other words, when the payment is made for any year, the portion of the earnings which represents the repayment of this loan is not subject to taxation. So far as the funds that are advanced privately by the company are concerned—that must be at least one-third of the expenditure—those funds are not subject to the accelerated depreciation. So far as the funds representing the repayment of the government's loan are concerned, such funds will be allowed accelerated depreciation.

Mr. Low: Am I correct in assuming that holds good only in so far as the portion of their original investment that has not been written off is concerned?

Mr. Howe: Yes.

Mr. Low: I am wondering where the companies stand who have made provision out of their earnings for mechanization improvements and so on? In the past, some of these companies have put sums into a reserve, on which they have had to pay taxes under the Income Tax Act. Is the minister not making a provision here which might be looked upon as discriminatory by such mines as have made provision for their own mechanization?

Mr. Howe: Frankly, I believe the answer is yes. We admit that this is discrimination in favour of the Atlantic maritime mines. The reason for it is that we do not see any other way of providing for the future of the maritime mines. These mines are in jeopardy today by reason of the constantly rising costs and the competition from lower-cost United States coal. United States coal is dropping in price. As I said, the gap is being bridged presently by subventions from the government.

In order to make it possible for these mines to remain solvent, we are extending a privilege to them which has not been extended to the western mines, except in the war period. During the war we did allow accelerated depreciation on new developments and equipment installed in the western mines. Perhaps when this job is finally completed there will not be much difference in the treatment between east and west.

Mr. Low: Now that the minister had introduced these principles, with which I agree,—I think it is a splendid thing, even though it is discriminatory—I think the minister should consult with his colleagues the Minister of Finance and the Minister of National Revenue to have this privilege extended to other mines in Canada. It is the only way they are going to be able to meet their situation in the years to come. In many western mines, we know there is a need for further mechanization in order to cut down costs and enable them to compete in central Canadian markets. This is an excellent way of helping them do it, by extending this same principle of accelerated depreciation to these mines in other parts of Canada.

Mr. Howe: Mr. Chairman, I cannot quite agree with my hon. friend as to the perilous state of the western mines. I believe the latter have built themselves into a good financial position, and are operating profitably. In normal times, accelerated depreciation is a privilege that must be granted sparingly. It is a form of discrimination, if you like. To my mind it is not a great concession, because after a mine has written off all its depreciation it has no more to write off, and the owner has to pay taxes on all his earnings. Whether it is a good thing for a company to accept accelerated depreciation, and use up its depreciation fund in a short time, rather than to pay normal depreciation and draw on the fund for a longer time, is a matter upon which companies have their own views. Some take one view and some another. Nevertheless, it is government policy to keep the depreciation practice of all industries in Canada on the basis prescribed in the Income Tax Act. This maritime provision is a deviation from that principle.

Mr. Hatfield: I should like to ask the minister if this loan is to be used for production machinery only, or can it be used for grading machinery or something of that nature?

Mr. Howe: This can be used only for mechanization that will improve the efficient production of coal.

Section agreed to.

Sections 6 to 8 inclusive agreed to.

On section 9—*Annual report.*

Mr. Hansell: I have a point I should like to raise. We had a discussion some time ago in respect to the submission of reports. I note that this clause says that the report shall be laid before parliament within three months after it has been prepared or, if parliament is not in session, within fifteen days after the commencement of the next session.

Three months is quite a little while. Perhaps we could shorten that up considerably. Why should it lie around for three months? Would the minister care to comment on it?

Mr. Howe: Frankly, I am wondering that myself. I think it could very well have been three weeks, but whether it is worth while amending the bill I do not know. If my hon. friend insists we may put through an amendment. It is pretty late in the session.

Mr. Hansell: Since I have never had the glory of having an amendment accepted in parliament I may just as well not insist that this amendment be made; it isn't that important.

Section agreed to.

Section 10 agreed to.

Bill reported, read the third time and passed.

SURPLUS CROWN ASSETS ACT

AMENDMENT TO PROVIDE FOR DISPOSAL OF SURPLUS CROWN ASSETS BY CROWN ASSETS DISPOSAL CORPORATION

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the second reading of Bill No. 195, to amend the Surplus Crown Assets Act.

He said: In my opinion this is a bill of no great importance. It is a tidying up bill. In June, 1944, the house passed the Surplus Crown Assets Act to set up a corporation to dispose of surplus war materials. The corporation was formed and it has carried out its work. It has sold goods producing a gross revenue to the crown of $462 million. The disposal of war equipment surplus as a result of the war is pretty well finished, but the corporation is still receiving declarations of surpluses at the rate of about 280 a month from various departments, and from the armed services. The corporation controls a good deal of real estate acquired during the war, which it has not yet been able to sell, and it still has to collect some $31 million of accounts outstanding. It is quite obvious that the corporation must carry on for a considerable period, but it does not need all the machinery that was used when it was carrying out its war duties.

The purpose of the bill is to simplify the corporation, to dispense with the crown assets allocation committee, which is required by the present act, and to streamline the act to allow it to carry out its duties to the extent that is required under present-day conditions.

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

[Mr. Hansell.]

On clause 1—*Definitions.*

Mr. Lennard: Mr. Chairman, I have one or two questions to ask. I shall first of all be a bit critical because the public accounts committee was not set up this session to give us an opportunity to call witnesses in connection with the War Assets Corporation. The procedure and practices of the corporation were criticized by the Auditor General in the report of March 31, 1949, in which he said:

> I have examined the accounts of War Assets Corporation for the year ended March 31, 1949, and have obtained all the information and explanations I have required. The procedures and practices of the corporation were not of such a nature as to permit establishing by examination of records maintained that all assets received for disposal had been fully accounted for.

There is another matter that I should like to bring to the attention of the committee. Why cannot the Canadian Commercial Corporation look after the selling of these surplus assets as well as do the buying? It has an organization already set up. It is true that in industry there is a purchasing department and a sales department, but they more or less deal with the commodities of one industry. Here we have to purchase for eighteen departments or more, and it would seem reasonable that the sale of surplus goods could be handled by the same agencies. In industry the products are related, but in this instance the products are unrelated and cover a wide range of articles. I feel that it would be better business, and the government would do a better job, if it were handled by one government agency, and if the buying and selling were done under the one head.

Mr. Howe: That is not the experience of the department. The buying is one job, and selling the vast accumulation of unrelated products is another job. At one time the War Assets Corporation had over ten thousand employees located in all parts of the country. Its staff has been reduced to about 160 employees today, and the volume of work is decreasing; nevertheless the new sales that will be made in this current year represent a return to the crown of some $11 million. It is big business, business for a staff that is specialized and used to evaluating the kind of second-hand material that this corporation deals with. That is totally different from the experience required by the staff of the purchasing corporation.

Mr. Knowles: This first clause does some of the things which the minister referred to when he outlined the purpose of this bill. For example, it gets rid of the surplus crown assets allocation committee and makes one or two other administrative changes. I see, Mr. Chairman, that you are looking at the clause and trying to see where these things are.

If you take this clause and compare it with the section of the bill for which it is a substitute you will find that it leaves out such an important part of the machinery as the surplus crown assets allocation committee. If the purpose of the bill is, as the minister indicated, simply to tidy up the work of surplus war assets, it would seem reasonable to eliminate some of the machinery and get things on a more simplified basis. On the other hand, as indicated by subparagraph (b) of this clause and the other clause to which it refers, the name of the organization is being changed. The word "war" is being left out and it is being made to appear as a more permanent organization. In fact, the minister has just said that there are still 280 declarations of surplus per month.

Mr. Howe: Yes.

Mr. Knowles: It does look as though this body will stay in existence for some time. As a matter of fact the very change in the name makes me wonder whether, instead of its being an organization merely for the disposal of surplus war assets, it is becoming an organization that can dispose of crown property at any time and on any terms.

That being so, I confess frankly—although the minister may be able to set aside my fears—that there are one or two things which concern me. Section 1 (e), when compared with the corresponding paragraph in the original act, gets rid of the necessity of orders in council in certain cases. The minister is aware of that; I need not read it. In other words this bill puts more power directly in the hands of the minister himself.

The minister has already said that this bill gets rid of the crown assets allocation committee. Formerly there were three bodies connected with this matter, namely, the corporation, the committee and the minister. The committee was a body to advise the minister. Now the committee will be gone, with just the minister and the corporation remaining. And later on we shall find that the minister has power to delegate his authority to the corporation.

As I say, all this is reasonable, if this job is just about over, or if it is a case of just tidying up. But if what we have here is the setting up of a peacetime crown assets disposal organization, it seems to me we should ask why the necessity for orders in council is being done away with, and why more power is being put in the hands of the minister, and this minister in particular. I have other questions relating to other sections.

Mr. Howe: This is intended to be a permanent disposal organization.

Mr. Knowles: It is permanent?

Mr. Howe: Yes, permanent. Prior to the war there was a disposal agency centred in the Department of Finance; but in effect each department of government had its own disposal arrangements, subject to the approval of the disposal officer.

The problem has grown a good deal with the years. As I say, the war itself has created problems which will be with us for many years, collections being made representing some $31 million. Some of these payments are not due for several years. The government has decided to make the surplus crown assets disposal agency a permanent instrument of government; and this bill is for that purpose.

Mr. Knowles: That being so, I feel I should press my question as to why a change has been made doing away with the necessity for orders in council in certain cases before property can be declared as surplus crown assets.

Section 2(f) of the act, of which section 2(e) in the bill is the amending section, states:

> (f) "surplus crown assets" means property that has been
>
> (i) included in a report made to the minister under section three; or
>
> (ii) declared by the governor in council to be unnecessary to satisfy the requirements of the government department by which it is kept, administered or controlled; and
>
> has not been subsequently deleted from the report with the consent of the minister or disposed of pursuant to the provisions of this act.

The new subsection 1 in the bill before us amends section 2 of the act by getting rid of paragraph (f) and substituting the new paragraph (e) which reads as follows:

> (e) "surplus crown asets" means the property that is included in a report made to the minister under section three and has not subsequently been deleted from the report with the authority of the minister or disposed of pursuant to this act.

The principal difference between those two paragraphs is the elimination of the necessity under certain circumstances for orders in council in order that goods be declared surplus. Would the minister tell me why the orders in council are being done away with and why greater power is being placed in the minister's hands?

Mr. Howe: I think my hon. friend has overlooked one word.

Mr. Knowles: The word "or"?

Mr. Howe: Yes, the word "or". As a matter of fact all the surplus has been declared on the report made to the minister under section 3. We have never used orders in council to declare surplus, and it is not necessary under the old act. Departments could do it that way if they wished; but it

was so much simpler to do it the other way that that is the way we always followed. And since declaration by the governor in council has never been used in the past, there is no use perpetuating the method.

Mr. Knowles: The minister may not always see eye to eye with me, and he may think I always want to fight with him, but I accept that as a satisfactory answer—

Some hon. Members: Hear, hear.

Mr. Knowles: —even though there seems to be some amazement at my doing so. Another question has to do with paragraph (c) in the amending bill in which a number of crown corporations or other bodies are exempted from the definition of "government department". I notice that the Polymer Corporation is not mentioned here. Is there any significance in that omission?

Mr. Howe: No. The corporations mentioned are self-contained corporations owning their own assets, and the sale of whose assets would normally go into the funds of the corporation concerned rather than into those of the receiver general. My hon. friend will appreciate that all the moneys recovered by crown assets corporations are paid over to the receiver general. However, in the case of the Canadian National Railways, the railway is a separate corporation and would naturally recover funds arising from disposal of its property. The same is true of the Canadian Broadcasting Corporation, the Bank of Canada, the Industrial Development Bank and Trans-Canada Air Lines. All are self-contained corporations.

May I say, Mr. Chairman, that I believe I have overlooked a duty—and I hope the committee will bear with me in my omission. I had intended introducing an amendment to section 1 of the bill which would include among the corporations excluded the national harbours board. Again, it is a trustee of certain funds as a self-contained corporate body. I would ask my colleague to move this amendment.

Mr. Fournier (Hull): I move:

That section 1 of the bill be amended by adding the words "or the National Harbours Board" immediately after these figures "1937" in line 21 at page 1 of the bill.

Mr. Howe: I hope my hon. friend will not tell me I am breaking the rules—because I think I am.

Mr. Graydon: That applies to paragraph (c).

Amendment agreed to.

Mr. Knowles: I have no objection to the amendment. What I have to say can be said now as well as back on the clause, so may I return to the point I raised earlier, using Polymer Corporation as an example.

Section 2 (c) states that "government department" shall mean a department of the government of Canada or a board, commission, corporation or other body that is an agent of His Majesty in right of Canada, but does not include—and then it sets out the Canadian National Railways, The Canadian Broadcasting Corporation, the Industrial Development Bank, Trans-Canada Air Lines and, after this amendment, the national harbours board.

The point I am trying to make is this: Should not Polymer—which is a government corporation—be added in the same way as the minister has added the national harbours board to the other exceptions, such as the C.N.R. Is not Polymer, like the C.N.R., a self-contained corporation?

Mr. Howe: There is a difference. The Polymer Corporation is really a management corporation. The capital assets of the Polymer Corporation are owned directly by the crown; it has no capital assets of its own.

Mr. Knowles: That being so, the Polymer Corporation might qualify as a government department, under this amending section.

Mr. Howe: Sale of its production would come under section 3, subsection 2, paragraph (b).

Mr. McIlraith: I think the hon. member is thinking of the production of Polymer Corporation. If he will look at section 3, subsection 2, paragraph (b), I think he will find that the point is covered. The corporation is responsible for the disposal of capital assets, but the production is excluded from the operations of the Crown Assets Disposal Corporation.

Mr. Graydon: I should like to inquire about the difference in status of the Canadian Broadcasting Corporation and the Polymer Corporation. A moment ago the minister indicated that one reason why Polymer was not included in the excepted corporations along with C.B.C. and C.N.R. was that the title to the assets of Polymer was in the crown. Is it not true that the title to the assets of Canadian Broadcasting Corporation is also in the crown?

Mr. Howe: The assets of Canadian Broadcasting Corporation are vested in the corporation itself. As my hon. friend will remember, that corporation obtains from the public purse loans which are subject to repayment. The shares of C.B.C. are owned by the crown, but C.B.C. owns its own assets.

Mr. Graydon: I am glad to be corrected on that point because I thought the crown held title to the C.B.C. property.

Mr. Howe: My hon. friend will recall the tax disputes that have occurred as to whether the property is crown property, and I think the courts have held that it is the property of the corporation and subject to taxation.

Amendment agreed to.

Section as amended agreed to.

Section 2 agreed to.

On section 3—*Repeal.*

Mr. Knowles: This section repeals sections 5, 6, 7 and 8 of the original act and does away with the crown assets allocation committee, which formerly advised the minister in connection with these matters. Why does the minister feel that that committee is no longer necessary?

Mr. Howe: In the early days of disposal certain assets that were declared surplus by one department could be used by another department and the purpose of the crown assets allocation committee was to make sure that there was not a use within the government for articles declared surplus. Certain procedures were set up on the recommendation of the crown assets allocation committee which are no longer necessary for the type of disposal carried on today. Further advice on the procedures is not necessary as the procedures are well established. The work of the crown assets allocation committee had dwindled to the point where no one would attend its meetings because there is nothing of interest going on. This results from a definite change in the character of the assets being declared surplus.

Mr. Knowles: It is all being left to the minister.

Mr. Howe: The minister does not worry about that particular problem.

Mr. Green: What is the reason for the exceptions that have been made? It is provided that the Department of Mines and Resources may dispose of some of its own lands and properties, and the same with regard to the Department of Transport.

Mr. Howe: The operations of the Department of Mines and Resources in the Northwest Territories are exempted. Those operations have been carried on by the department for a great many years and the department has a staff there capable of handling problems of disposal in that area. Similarly, the Department of Transport has been dealing with surplus lands acquired in the building of canals, particularly the Welland and the Soulanges canals. The department has outstanding leases on properties and it was not thought well to disturb operations that have an historical background.

Mr. Graydon: What proportion of government assets will be covered by this particular legislation and what proportion will be beyond the purview of this legislation.

Mr. Howe: I think it will be at least twenty to one in favour of operations within the act. I do not know what the future will be. Certain patterns of sales are excluded, but they do not amount to any great sums. There are a number of small transactions which require a particular staff and a particular background to handle efficiently.

Section agreed to.

On section 4—*Renumbering.*

Mr. Knowles: The minister has just given the reasons for doing away with the crown assets allocation committee which formerly provided the machinery for transferring surplus assets from one department to another. Do I take it that this whole business will now rest with the minister? This section provides for a new paragraph (d) which is listed under the powers of the minister and reads:

(b) approve the transfer of surplus crown assets from one government department to another, subject to such terms and conditions as he may consider desirable.

If you look back to the enacting section you will see that the "he" in that section is the Minister of Trade and Commerce. Does this section mean that from now on all deciding as to how goods will be transferred from one department to another will be done by the minister? "He" is Howe.

Mr. Howe: I am told that transfers between departments are not current at the moment, but if one seems desirable it can be done simply by a resolution of the board of directors of Crown Assets Disposal Corporation. The class of material being declared surplus today is largely worn out and discarded material which is not likely to be required by another department of government. If it is required, it can be transferred by ministerial action without calling the board together.

Mr. Knowles: That answers my question. The power to effect these transfers will now reside in the minister.

I have another question on this clause. Paragraph (e) is being reworded to read:

(e) authorize a government department to dispose of surplus crown assets in such manner, upon such terms and subject to such conditions as he may consider desirable.

Here again it is the Minister of Trade and Commerce who may do this. The old paragraph read:

(e) empower a government department to sell surplus crown assets upon such terms and subject to such conditions as he may consider desirable.

The section is being changed so that the minister may approve of the disposal of surplus crown assets in such manner as he may consider desirable. Does that mean that things may now be given away rather than sold?

Mr. Howe: No, Mr. Chairman, it does not mean that. We will say the Department of Public Works declares something surplus that the corporation believes has no sale value. The amendment empowers the minister to authorize the Department of Public Works to dispose of it themselves, and the same with any other department. It simply gives the minister responsible for the Crown Assets Disposal Corporation the right to authorize another minister to carry out his own disposal in a particular case.

Section agreed to.

Sections 5 and 6 agreed to.

On section 7—*Delegation of minister's powers to corporation.*

Mr. Knowles: Mr. Chairman, this looks like another of these tidying-up clauses. What is envisaged in the authority that is given the minister to authorize the corporation to do all of the things now provided for under the act, remembering that the committee is gone and there are no more orders in council? All we have now is "he"—the minister.

Mr. Howe: What is my hon. friend's conclusion?

Mr. Knowles: I think my implication is clear. It seems to me that through the whole of this bill our good friend, the Minister of Trade and Commerce, is just getting more power than he had before—and that was a lot. Here is one place where it seems that, in addition to the power he gets himself, he now has authority to delegate his power to a board. It is quite a piece of tidying up, isn't it?

Section agreed to.

Sections 8 to 14 inclusive agreed to.

On section 15—*Coming into force.*

Mr. Knowles: Can the minister give percentage figures as to the war assets the corporation is disposing of compared with the peacetime goods it may be disposing of?

Mr. Howe: It is difficult to say, because one merges with the other. The principal source of material handled by the corporation is the Department of National Defence. It is difficult to say whether its surpluses are war material or material acquired since the war. Considering worn-out clothing, it is hard to say whether it was worn out in the war or since the war. My hon. friend will appreciate that it is very difficult to make a division.

Mr. Knowles: But the bill has no other purpose than to continue the necessary job which arose because of the war and prompted the setting up of War Assets Corporation?

Mr. Howe: That is correct.

Section agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read a third time?

Mr. Knowles: Next sitting.

Some hon. Members: Now.

Mr. Knowles: Next sitting. I think we should abide by standing order 73 once in a while.

Mr. Deputy Speaker: Next sitting of the house.

GOLD MINING

AMENDMENT OF ACT RESPECTING EMERGENCY PAYMENTS TO OPERATORS—PRODUCTION OF GOLD IN CONCENTRATES

The house resumed from Friday, November 4, consideration in committee of the following resolution—Mr. Gibson (Hamilton West)—Mr. Beaudoin in the chair:

That it is expedient to present a bill to amend the Emergency Gold Mining Assistance Act in respect to the manner of calculating the amount of assistance that may be paid operators of gold mines, as prescribed by the act; also to empower the governor in council to prescribe by regulation, in the case of a mine producing gold in concentrates during one period and not producing bullion from such concentrates until a later period, the time when the gold shall be deemed to have been produced and the manner in which the cost of production thereof shall apply.

Mr. Fournier (Hull): This morning I spoke to the members of the different opposition parties to see if we could allow the resolution to pass in order that the bill may be introduced and come up on Saturday. The members most interested told me they had no objection, and that they could speak on Saturday or the next time we take up second reading of the bill.

Mr. Graydon: That is also my understanding, with one qualification. We expected that the Minister of Mines and Resources would make a statement on the resolution stage.

Mr. Fournier (Hull): He did make a statement when it was first introduced. The minister made a statement on the resolution at that time.

Mr. Graydon: There is no further statement to be made by the minister now?

Mr. Fournier (Hull): Not at this time.

Resolution reported, read the second time and concurred in.

Mr. Fournier, Hull (for Mr. Gibson, Hamilton West) thereupon moved for leave to introduce Bill No. 219, to amend the Emergency Gold Mining Assistance Act.

Motion agreed to and bill read the first time.

SUPPLY

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

DEPARTMENT OF TRADE AND COMMERCE

413. Departmental administration, $468,107.

Mr. Blackmore: Will the Minister of Trade and Commerce make a statement to the house on the international situation with respect to trade and commerce as it affects Canada?

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Chairman, it is customary from time to time for the Minister of Trade and Commerce to discuss the present economic situation and forecast the future. I have been doing both every year since 1944, and in the process I have been accused of being Canada's No. 1 optimist. However, at the moment I have no particular regrets about any statement I have made throughout that period. The statement I am going to make now represents, in my opinion and that of the officers of the Department of Trade and Commerce, a fair estimate of the situation we are facing today and expect to face during the next calendar year.

The Canadian trade picture for 1949 has, on balance, been favourable. While there has been some decline in sales to traditional markets, Canada's exports in terms of dollars will be about as high as last year, while imports will be slightly higher. In a period of readjustment following the abnormal conditions of the last decade, we have been able to maintain our export trade at an extremely high level and to dispose of our major surpluses. The necessary adjustments so far have been made without any real dislocation of Canadian industry; in fact the general level of economic activity in the country as a whole has continued to improve. The year 1949 has been a prosperous one for Canada, and national production, income, employment and consumption will be higher than last year. The strong domestic market that has developed from our recent industrial expansion and high level of domestic prosperity has been an important factor in offsetting to some extent the loss of overseas markets. For example, exports of motor vehicles have been reduced sharply with exports this year at some $40 million below 1947. Yet the home market is now absorbing close to the maximum output of this industry, with the increase in domestic sales about double the fall in exports. In cotton textiles and in electrical equipment the story is similar.

Our exports are a major factor today as they always have been in the past, and Canada's prosperity is dependent to a large extent on the state of world trade and more particularly on our trade with the United Kingdom and the United States, our two largest suppliers as well as our two largest customers. I should like to deal first with these two countries before going on to some of the broader issues of international trade.

During the past year a concerted effort has been made by the Canadian government, as well as that of the United Kingdom, to help Britain and the rest of the sterling area earn enough dollars to remain large-scale customers for Canadian goods. Because of the lack of other sources of dollar revenue that were available in pre-war years, these countries depend more and more on their direct sales to dollar countries to pay for their imports from those countries. In other words, the United Kingdom's exports both to Canada and to the United States have become a most important determinant of what she can afford to buy in these two countries. The success of the measures taken to increase our imports from Britain is apparent from the trade figures. In 1947 our exports to the United Kingdom exceeded our imports from there by $564 million. In 1949 the deficit on merchandise trade will be reduced to about $375 million. For the sterling area as a whole, the gap will have been cut by over 40 per cent.

In terms of dollars, the increase in our purchases from the United Kingdom has been substantial. In 1946 we were importing about $140 million worth of goods. Imports for 1949 should be in excess of $300 million. While some of the rise has been due to price changes, there has also been a definite increase in volume. In relation to our population, I think these figures are significant. During the past year, on a per capita basis, we were

buying British goods at the rate of $24 for every person in Canada. The comparable figure for the United States is only $1.40.

Turning now to our trade with the United States, we find that our imports from that country have been increasing, an indication of the continuing high level of business activity in our own country. The unbalance in our trade is not, however, as great as it was in 1947. In that year the unfavourable balance amounted to nearly $1 billion. In 1949 our adverse merchandise balance will be larger than last year but will only be about half the 1947 figure. Increased exports to the United States have played an important part in improving our American trade picture. Nevertheless an excess of imports over exports amounting to $500 million is a matter of some concern and creates a problem for us. In 1949 over 70 per cent of our import requirements came from the United States.

I think we will all agree that a high level of imports is an essential part of Canadian foreign trade. This does not exclude the possibility of increased Canadian production in a number of items. In recent years we have found that we are able to produce many goods that we had formerly imported. At the same time a very large volume of imports is necessary to maintain the flow of raw materials to our factories, to help provide the building materials and machinery and equipment for our record investment program, and to satisfy the high demands of the Canadian consumer. A substantial volume of imports is associated with a high level of prosperity in this country. We are therefore interested from the point of view of our exchange and dollar problems, not in reducing the amount of our imports, nor necessarily increasing it, but in changing the source from which some of these goods are obtained.

We have attempted by every means at our disposal to accomplish the necessary adjustments in our external trade balances by means which will expand the total volume of our trade. I have on many occasions explained that Canada's trade policy is to sell more to the United States and to buy more from the United Kingdom and other European countries. There is an important aspect of this policy which I wish to stress, and which is of great importance to domestic industry in Canada. It is no part of our policy to increase over-all imports as such. Canada's normal level of imports is sufficient to provide the outside world with enough Canadian dollars to buy our exportable goods. What we need is a redirection of our trade so that we shall approach closer to a balanced position both with the dollar countries and with the sterling area.

[Mr. Howe.]

Our own position in this regard may perhaps be explained most clearly by contrasting it with that of the United States. Much has been said in recent weeks by our friends in the United States about the traditional lack of balance between their exports and their imports. It is their avowed intention for the future to accept a higher level of imports from other countries so that the outside world can afford to buy their goods. There is no counterpart of this problem in the Canadian situation. Our problem, to repeat, is one of redirecting our trade to achieve better regional balances. If we could buy more of the commodities we need from the sterling area and from the countries of western Europe, the benefits would be twofold. First, we would improve our United States balance of trade; second, we would help our non-dollar customers to earn more dollars with which to maintain their purchases of Canadian products. A better bilateral balance in our trade with individual countries would help to stabilize Canada's exports.

During the past year, Canada has participated in a number of international efforts to deal with the problem of world trade. Together with thirty-two other nations at Annecy we took part in the second round of negotiations under the general agreement on tariffs and trade. The concessions gained, as they become effective, help to improve our trade with a number of countries in such commodities as wheat, forest products, hides and leather goods, codfish, aluminum, lamps. As you know, the three major trading countries of the world met last September in Washington. As a result of these discussions, the foundation has been laid for a co-operative approach to our mutual problems on the part of the United Kingdom, the United States and ourselves. One important development has been the American government's firm stand in support of increased imports into the United States and the need to get rid of the obstacles that now exist. Only recently, Canadian officials took part in discussions on specific difficulties in customs administration, which were a follow-up of the tripartite talks.

In the period that lies immediately ahead, numerous changes may take place in our foreign trade as well as on the home front. Individual exporters are already encountering difficulties. We are, however, in a strong position to meet any adjustments that may be necessary in our economic life. The Canadian economy is operating at an exceptionally high level. It is a flexible economy, and can adjust itself to new situations.

Canada has the resources, the equipment, and the skills needed to produce goods that are needed in the markets of the world.

By any standard, 1949 has been a good year, and the outlook for 1950 is also good. It is too early to forecast, with any degree of accuracy, the general level of activity that will prevail in 1950, but there is every reason to believe that it will be not very different from 1949. We can, of course, look forward to some falling off in foreign trade totals. There will probably be some easing of price, coupled with some reduction in physical volume. Agricultural crops are, on the whole, lower this year. For example, wheat is down from 393 million bushels last year to an estimated 367 million bushels this year; oats from 359 million bushels to 316 million bushels; and barley from 155 million bushels to 120 million bushels. Agricultural items bulk large in our trade totals. However, assuming a continuation of a satisfactory level of general business activity in the United States, it is a reasonable expectation that we shall be able to continue to dispose of the surpluses of our primary production.

It must be acknowledged that our exports of a variety of manufactured products will be reduced but, as in the year 1949, this should in most cases be offset by the continuing high domestic demand.

The other main pillar of the Canadian economy is capital investment, and here again, while it is too early to forecast in terms of dollars, it is clear that capital investment will continue at a high level—probably not much different from that of 1949. To realize the truth of this, one has only to think of the tremendous investment now being undertaken in connection with western oil, and the transportation of that oil; of the extension of iron ore operations in Steep Rock and of the plans for the development of Labrador iron ore, the beginning of which may well take place next year. Then there is the continuation of the very substantial development of hydroelectric projects in various parts of Canada; the titanium development in Quebec, as well as public projects such as the trans-Canada highway. Some adjustments will undoubtedly have to be made; some production patterns may have to be altered, but the underlying strength of the two main pillars of our welfare—exports and domestic investment—show promise of a satisfactory level of employment and income in Canada in 1950.

Mr. Argue: I listened with interest to the statement of the Minister of Trade and Commerce. I hope that the prophecies that he has made will be fulfilled next year. While we can point out with some justification that our world trade position is satisfactory now, nevertheless I feel that our trading position is anything but satisfactory to certain sections of our population.

The problem Great Britain and the other sterling areas have in attempting to reduce dollar purchases has resulted in a severe reduction in the sale of many Canadian commodities to Great Britain and other European countries. That reduction in markets will be felt most keenly by certain segments of our population. We do know we are finding it increasingly difficult to maintain markets in Great Britain for fish products, timber and tobacco. I do not wish to deal with those matters at length, because I feel that there are many members in the house who are better qualified to discuss those particular aspects of our trade position than I am.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Argue: I am sure the committee listened intently to the statement given by the Minister of Trade and Commerce this afternoon. I am glad that the minister is still optimistic about our trade situation for the coming year, but I am afraid that that optimism cannot be shared to the same extent by large sections of the Canadian people. We do know that at the present time we are finding difficulty in marketing many Canadian products. The timber industry is finding difficulty because Great Britain is short of dollars with which to purchase her normal supply of timber. We know that the fishing industry is having difficulty at the present time in marketing its products. We know that the tobacco industry has lost the British market to a very large extent. Statistics show that within the first eight months of the year 1947 exports of flue-cured tobacco from Canada to Great Britain amounted to eighteen million pounds; but for the same period of this year the export of flue-cured tobacco has dropped to eight and a half million pounds.

Mr. Howe: Mr. Chairman, I am sure my hon. friend wants to be accurate. Exports this year are $8,500,000.

Mr. Argue: I will accept the minister's correction, but I can tell him that I got my figures from the dominion bureau of statistics publication on Canadian exports and I was very careful to check for their accuracy. It spoke about pounds in the first eight months of this year.

Mr. Howe: I am sorry; perhaps the hon. member is right.

Mr. Argue: If the minister knows he is right I will accept it.

Mr. Howe: I was giving the figure for the full year. I noticed that the hon. member mentioned only the first eight months. I daresay the figure for the full year would be twice the amount he mentioned. The price of flue-cured tobacco is about 50 cents a pound. I daresay the hon. member's figures are correct for the first eight months.

Mr. Argue: The first eight months of 1947 and the first eight months of 1949.

This afternoon the minister made the statement that he was reasonably sure Canada could dispose of surplus agricultural products in 1950. I hope he is correct. I think he and the Minister of Agriculture should have conferred because the statement made by the Minister of Agriculture at the FAO conference would lead anyone to believe that he feels that indeed Canada is facing a very grave situation in respect to markets for agricultural products. I shall quote from page 2 of the speech of the Minister of Agriculture, which reads as follows:

> Our monetary difficulties today threaten to reproduce the situation which existed twenty years ago; a lack of that free movement of food from those with food to spare to those in want . . .

Again:

> We, in turn, must find some other natural markets for these products or shrink our production of them because the United Kingdom has not the dollars with which to buy.

All through the speech he spoke of increasing agricultural difficulties. Certainly the Minister of Agriculture has in mind the fact that today Canada has large surpluses of many agricultural commodities, and we may indeed face great difficulties in trying to obtain markets for them.

The situation in respect to agricultural products is not greatly different from the situation in respect to timber and fish products. I saw a report in tonight's Ottawa *Journal* from Pembroke, Ontario, which read:

> The Canadian Splint and Lumber Corporation, one of Pembroke's largest industries, will be forced to close down on Friday, December 16, because of the British dollar shortage, the *Journal* learned today.

Therefore we are indeed facing grave difficulties in finding markets for many of our products. We have difficulty in finding markets for apples. We know that we have a surplus of cheese, and according to press reports while we may expect a contract with Great Britain for another fifty million pounds of cheese next year, the price will be reduced from thirty cents a pound to between twenty-five cents and twenty-seven cents a pound.

We know that we have on hand in Canada a huge quantity of evaporated milk for which there is no adequate market.

I do not feel that in the future we can look with any surety to the United States taking our surplus products. According to figures published by the United States Department of Agriculture, in 1947 the United States farmers had a net income of $18 billion. The net income of United States farmers is running at approximately $14 billion for the present year, so it would appear that there is likely to be a drop in agricultural income in the United States within that two-year period of some 22 per cent. If the United States farmers are having difficulty maintaining their net income, surely we cannot have any real expectation of being able to market increased quantities of agricultural products in the United States in the future. Already we have observed a trend in which the prices of agricultural commodities in Canada are dropping.

The Canadian index for farm products was 263·9 in August, 1948. That index has dropped to 249·3 in September of this year, a drop of 14·6 within that time.

I believe that markets for livestock and dairy products are essential for more reasons than keeping the farmers' income high. An adequate market for livestock and dairy products means that farmers can engage in diversified agriculture, and diversified agriculture is necessary if we are to maintain agriculture on a permanent basis, and if we are to maintain the fertility of our soil. But while we are facing a surplus of some livestock and dairy products and while I do not believe that we are facing an imminent surplus of grain, nevertheless in the grain situation throughout the world there is already apparent a trend which should lead us to give this matter a great deal of consideration.

The Minister of Trade and Commerce quoted the crop yields for this year. It seemed to me that he was taking some satisfaction from the fact that we had reduced yields of our various grains because it would likely prevent a surplus appearing with which the government would have to deal. If we look at our carryover stocks of grain we find that the carryover of wheat was 98·7 million bushels, 21 million bushels higher than the year before.

Mr. Howe: Mr. Chairman, I am sure my hon. friend wishes to be accurate. What did he say the carryover of wheat was last year?

Mr. Argue: I said 98·7 million.

Mr. Howe: He is entirely mistaken. I do not mind his quoting the party line, ascribing

motives and talking of depressions and one thing and another, but I do wish he would be accurate in his figures.

Mr. Argue: These figures were taken from the quarterly statement on grain, issued by the dominion bureau of statistics.

Mr. Howe: It is not true. They are not correct.

Mr. Argue: I shall give the committee the figures as I have them, and the Minister of Trade and Commerce can correct me where they are wrong. The carryover of wheat was 21 million bushels larger this year than at the same period a year ago. The carryover of oats was 59·1 million bushels as compared with 47·9 million bushels a year ago, an increase of 11·2 million bushels. The carryover of barley was 29 million bushels, a decrease of 2·4 million bushels; the carryover of flax was 10·7 million bushels, an increase of 7·3 million from the year before; the carryover of rye was 12 million bushels, an increase of 11·1 million from the year before.

The general picture with regard to our carryover on July 31 of this year in relation to our carryover of grains a year ago was that while our carryover did not constitute a huge surplus, nevertheless it was above the average as compared with the year before.

If we are going to have adequate markets for grain, then the British market in that regard is most important. The domestic policy the British are following in relation to the production of grain in that country is certainly of vital interest to the farmers of Canada. The British are following a policy of producing more and more of their own food at home. I hope the minister will accept these figures, because they were taken from a United Kingdom information office publication.

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

Mr. Argue: Yes.

Mr. Cruickshank: I shall take it for granted that the figures he has given are correct. Has he any remedy or suggestion to offer to correct the situation?

Mr. Argue: I am glad the hon. member has asked that question, and I shall answer it later.

Mr. Cruickshank: Yes, in about an hour.

Mr. Argue: Do not be so impatient. Great Britain is increasing agricultural production at home. In the year 1948-49 she produced 37 per cent, by calories, of the food she consumed, as compared with 31 per cent pre-war. Bread-grain production in Great Britain in 1948-49 was 44 per cent above the pre-war figure. Her production of other grains was 98 per cent above pre-war.

So in addition to an increase in the carryover of grains in Canada we find Great Britain increasing her own production of grain. Along with that she has undertaken bilateral agreements with other countries for the purchase of large quantities of grain. For example a year ago she signed a bilateral agreement with the U.S.S.R. for the purchase of 750,000 tons of coarse grains. According to a speech made in February by Mr. Harold Wilson, president of the British board of trade, the U.S.S.R. delivered that quantity on time —indeed delivered a quantity slightly in excess of the 750,000 tons. A press report since that time tells us that Great Britain has entered into a bilateral agreement with Russia for the purchase this year of a million tons of coarse grains.

In addition to the bilateral agreements Britain is making for the purchase of coarse grains outside Canada, the countries of Europe taken together are importing less grain now than they did pre-war. May I quote to the Minister of Trade and Commerce one paragraph from page 29 of the FAO publication entitled "World Commodity Problems":

> Europe, which normally took 90 per cent or more of the world coarse grain exports, took less than 7 million tons in the past two years as compared to 11 million tons before the war. Stocks of coarse grains in the four export countries were 24 million tons larger than a year earlier.

Thus Europe is now taking greatly reduced quantities of grain as compared with the quantities purchased before the war. The chief exporting countries have had on hand this year 24 million tons of coarse grain more than they had on hand a year ago. The United States does not provide us with a market for increased quantities of grain, in my opinion, since in that country they have a large carryover.

According to an article in the *Christian Science Monitor* of September 15, stocks of corn in the United States amounted to 550 million bushels and stocks of wheat to 150 million bushels. We find an increased average carryover of all grains in Canada this year, with Great Britain increasing her domestic production of grain and entering into bilateral agreements for the purchase of grain from countries other than Canada. We find too Europe is now buying less grain than she did before the war.

If this trend continues I am fearful lest we may have a surplus of grain in this country in the not too distant future. The farmers are interested in knowing at the earliest possible moment what the government's policy is going to be for the 1950 crop

in relation to wheat prices, and the prices of oats and barley. The Canadian wheat board operates under the Minister of Trade and Commerce. There has been a five-year pool with an initial price now paid to producers of $1.75 a bushel. Throughout a large part of that period our farmers were selling wheat to be processed into flour and baked into bread to be sold in Canada for less than the amount our wheat was bringing in many other countries of the world.

During part of that period we were selling large quantities of wheat to Britain at prices less than those at which we were selling wheat to other countries. Farmers feel they have made a real sacrifice during that five-year pool. Nevertheless they have welcomed the pool. They believe in stability and they are now asking that the government maintain the wheat board legislation and that they be given another pool period. I would hope the Minister of Trade and Commerce can maintain the same initial price next year. In view of the sacrifices our farmers have made I say they should be guaranteed the present initial price for another five-year pool period.

We come now to the government policy in relation to coarse grains. We know that year in and year out farmers have advocated the closing of the grain exchange, and have advocated that the wheat board handle oats and barley in exactly the same way it handles wheat. Certainly in June, when the announcement was made, farmers believed that oats and barley would be handled by the wheat board and would be completely taken off the speculative market. They were disappointed to find that while the wheat board is the sole buying agency for oats and barley, the grain exchange is still being used in the sale of oats and barley.

The Saskatchewan wheat pool convention meeting at Regina in November, according to an article appearing in the *Leader-Post* on November 7, passed a resolution asking the federal government to place oats and barley under the wheat board in exactly the same position as wheat. That resolution was passed unanimously.

I would suggest that when the Minister of Trade and Commerce is deciding upon an initial price for oats and barley next year he should keep in mind establishing a price which bears a fair relationship to the initial price for wheat. At my own elevator point the farmer gets an initial price for the wheat he delivers of $1.58½ per bushel, but for barley he receives only 67 cents and a fraction per bushel. Those initial prices do not bear reasonable relationship one to the other.

[Mr. Argue.]

I believe the initial price of barley should be two-thirds the initial price of wheat, while the initial price of oats should be one-half the initial price for wheat. Unless there is a fair relationship between these initial prices the farmer is going to have a hard time determining what to seed because he has no way of knowing what the final payments are likely to be.

We are not at all sure that we will have adequate markets for our grain. At the present time our wheat market depends to a large extent upon United States dollars being made available to Great Britain for the purchase of Canadian wheat. There is no assurance that those dollars will continue to be made available. Despite all that was said by ministers of the government during the election, that the C.C.F. were talking more blue ruin and that there was not going to be a trade crisis, we found that just a few weeks after the election there was a real trade crisis. Great Britain announced that she would be cutting her purchases in the dollar area by 25 per cent. That was important to Canada. A British dollar crisis means a Canadian trade crisis. When Great Britain is short of dollars then the Canadian farmer may well face a market crisis in the not distant future.

Britain has been entering into bilateral trade agreements with many countries. Up to the present she has signed almost forty such agreements and has established sources of supplies of food outside the dollar countries and outside of Canada. The permanent loss of the British market will mean serious difficulties for Canadian agriculture. We are facing difficulty in marketing cheese, in marketing apples, and we have large stocks of evaporated milk on hand. I ask the Minister of Trade and Commerce to check the figures I am going to give because I believe they are right.

As of October 1, 1947, we had on hand 16·4 million pounds of evaporated milk; on the same date this year we had on hand 56·6 million pounds, an increase of 40·2 million pounds. We have stocks of butter amounting to approximately 70 million pounds. It would be nice if we could sell our butter surplus to Great Britain, but we are not likely to be able to do that. Great Britain has bilateral agreements with other countries for the purchase of butter. She had a contract with Denmark for the year ending September 30, 1949, for the importation of 130 million pounds. Denmark has agreed to deliver to Great Britain 75 per cent of her butter surplus up to a maximum of 330 million pounds per year. If we had the chance to ship to Great Britain only a

small fraction of the butter that she is buying from Denmark under a bilateral agreement there would be no talk of a butter surplus in Canada.

We are not just losing, we have already lost the British market for a great many of our agricultural products. I admit that the British market has been reasonably good for wheat and cheese, although there is some talk of difficulty in getting a cheese contract for 1950 of the same size and at the same price. But let us consider our bacon exports to Great Britain, and the figures I give are taken from the dominion bureau of statistics publications. Exports of bacon sides and hams in the first eight months of 1947 to Great Britain amounted to 168·6 million pounds; for the same period this year the exports amounted to 28 million pounds, a drop of 83·4 per cent.

Mr. Howe: Was that from a lack of contracts?

Mr. Argue: No, that was from a lack of government policy. The farmers of western Canada will produce 160 million pounds of bacon for Great Britain if the government will establish contracts over a period of years instead of from one year to the next, and leading to one crisis after another. In that same period in 1947 we shipped 8·8 million pounds of dried eggs to Great Britain; in the same period this year we shipped 3·8 million pounds, a decrease of 56·8 per cent.

Mr. Howe: Was that from a lack of contracts?

Mr. Argue: I suppose that will be a periodic question. Our farmers are willing to produce bacon and eggs and milk and apples and almost any other commodity for Great Britain if they can be assured of a market year in and year out. The policy this government has followed has brought about a reduction in the British market to the point where our farmers have entirely lost confidence.

Mr. Cruickshank: Is it not true that the socialist government in Great Britain have not been able to finance the purchase of our goods?

Mr. Argue: In my opinion, we have lost our markets in consequence of the policies followed by this government and the United States government, and not because of the policy followed by the British government. I should like to go on and quote more statistics to show how this government has maintained our British market, and I can tell hon. members opposite that the figures get worse instead of better.

Our exports of shell eggs in 1947 amounted to 29·7 million dozen; in the same period this year we exported 8·7 million dozen, a drop of 70·7 per cent.

Mr. Cruickshank: Why?

Mr. Argue: We have a surplus of milk in Canada at the present time. Our exports of whole milk powder to Great Britain in 1947 amounted to 232,000 pounds; this year we shipped exactly nothing.

Mr. Cruickshank: Why?

Mr. Argue: A drop of 100 per cent.

Mr. Cruickshank: Why?

Mr. Argue: I could tell the hon. member for Fraser Valley but I do not think he is capable of understanding.

Mr. Cruickshank: Maybe not, but why?

Mr. Argue: In 1947 we shipped 16·9 million pounds of evaporated milk, while this year we shipped no evaporated milk at all, another drop of 100 per cent.

Mr. Cruickshank: Again why?

Mr. Argue: I tell my hon. friend that in 1947 we shipped 16·3 million pounds of salmon; this year we shipped 922,000 pounds, a drop of 94·4 per cent.

Mr. Cruickshank: Again why?

Mr. Argue: In 1947 we shipped 448,000 barrels of apples to Great Britain, and this year we shipped not one barrel, a drop of 100 per cent.

Mr. Cruickshank: Again why?

Mr. Argue: Our shipments of dried apples to Great Britain dropped 100 per cent. Our shipments of canned apples dropped from 11·3 million pounds in 1947 to 2·6 million pounds in 1949, a drop of 76·8 per cent. We shipped to Great Britain in 1947 2·6 million bushels of potatoes, and this year we shipped no potatoes in that period, a drop of 100 per cent.

Mr. Cruickshank: Why?

Mr. Argue: In 1947 we shipped 12 million pounds of poultry, and in the same period this year we did not ship any.

Mr. Cruickshank: Why?

The Chairman: Order. I would ask hon. members to allow the hon. member for Assiniboia to make his speech.

An hon. Member: He said he was going to tell us why an hour ago.

Mr. Argue: I do not mind how much noise hon. members make on the other side of the house. These are cold statistics, and I would

ask my Liberal friends from the province of Saskatchewan if they do not think that is a serious drop in the British market. I should like to read a press report of a statement by the Minister of Agriculture, which is to be found in the *Leader-Post* of June 24, 1949. The article reads:

"There is no evidence to support the contention of M. J. Coldwell, C.C.F. leader, that Canada is losing the British market for food," Agriculture Minister Gardiner said here Thursday night.

The Minister of Agriculture said we are not losing the British market. If we take the average drop in the last two years for all these commodities with which I have dealt, we have lost the British market to the extent of more than 90 per cent.

Some hon. Members: Why?

Mr. Argue: I might ask hon. members opposite why, since the Minister of Agriculture said that we are not losing the British market.

An hon. Member: Remember New Zealand.

Mr. Sinclair: What did New Zealand do?

Mr. Argue: The British people have not wanted to reduce their purchases in Canada, and they have only reduced them because they are short of dollars. They have proceeded to negotiate bilateral trade agreements with many countries. While their purchases of bacon in Canada have dropped precipitously in the last two years, nevertheless in the last ten days the British Labour government was able to announce an increase in the bacon ration from three to four ounces per week.

Some hon. Members: Election.

Mr. Argue: Because they have been developing other sources of supply.

An hon. Member: Denmark.

Mr. Argue: This year they have proceeded to get 20 million pounds from the Netherlands, 40 million pounds from Eire, 40 million pounds from Poland and 100 million pounds from Denmark, a total of 200 million pounds.

Mr. Knight: It is not a joke.

Mr. Argue: It was not a joke to the hog producers of western Canada when they found hog prices from August until September, a period of four weeks, dropped by $4 a hundred. You cannot blame that drop on the British government.

Some hon. Members: Oh, oh.

Mr. Cruickshank: Whom are you going to blame it on?

Mr. Argue: I blame it on Canada Packers and some of the other packing companies.

[Mr. Argue.]

Mr. Cruickshank: What a joke!

Mr. Argue: I am sure there is no employee of the British Labour government buying hogs in the province of Saskatchewan. In that province, as in every other province, there is just the packing industry, which is controlled by a few large corporations.

An hon. Member: What has that got to do with it?

Mr. Argue: Let us look at the British purchases of eggs. In spite of the fact Mr. Strachey has announced that Great Britain may not renew the egg contract with Canada, the British are not going without eggs. This year they have bilateral agreements for the purchase of 21 million dozen eggs from the Netherlands, 13·5 million dozen from Poland, and 81·3 million dozen eggs from Denmark, a total of 115·8 million dozen eggs. We would like to have the British egg contract renewed, but whether or not it is, Great Britain has been able to develop other sources of supply.

Mr. Cruickshank: Will the hon. member permit a question?

Mr. Knowles: This interruption will give him another forty minutes.

Mr. Cruickshank: I have only asked if he will permit a question.

Mr. MacInnis: He does not mind answering anyway.

Mr. Cruickshank: I should like to ask a question, but if he does not want to permit me to do so—

Mr. Argue: I am ready to answer the question.

Mr. Cruickshank: Did the government of Great Britain decrease the horse meat contract in any way, shape or form?

Mr. Argue: That question is one that you would expect from the hon. member for Fraser Valley.

Mr. Wright: That is what he was raised on.

Mr. MacInnis: Ask the member for Leeds about evaporated milk.

Mr. Argue: In spite of the interruptions, the fact remains that Canada is facing serious marketing problems.

Some hon. Members: Oh, oh.

Mr. Argue: Hon. members of the house may laugh if they want to. I do not mind, but the farmers of western Canada do not think that the present market prospects for agricultural products are a laughing matter.

Mr. Cruickshank: Hear, hear.

Mr. Argue: I should like to suggest to the government that it undertake a different

policy. I was hopeful, from a statement the Minister of Trade and Commerce made this afternoon, that perhaps the government would make some changes in its trade policy. If I understood him correctly, he said that a better bilateral balance of trade would mean a better over-all balance of trade. In other words, if our exports to and our imports from the United States, and our exports to and imports from the United Kingdom are more nearly balanced, it will be a good thing for world trade. I suggest to him as a positive measure that he should do for the government of Great Britain exactly what he is asking that government to do for Canadians. Our government is asking the government of Great Britain to sign bilateral agreements for the purchase of Canadian agricultural products. I suggest that we as a nation should be prepared to sign bilateral agreements with Great Britain for the importation of British manufactured products. I can tell the minister that in western Canada there is an organization which I believe might be of some help to the government in this regard. I refer to Canadian Co-operative Implements Limited.

We have a huge market for agricultural implements in western Canada, and at the present time a great percentage of them must be imported from the United States. If we could change our imports of agricultural implements from the United States to Great Britain, I believe it would not only help Great Britain to solve her dollar problem but would also help our agricultural producers to maintain the British market. I believe if this government would sit down with officials of the British government and officers of Canadian Co-operative Implements Limited arrangements might be made under which a considerable quantity of British agricultural implements could be brought to Canada and sold by C.C.I.L. throughout the western provinces. Our farmers are interested in purchasing British implements, because they believe that to be to their own advantage; and I believe everything possible should be done to facilitate the importation and distribution of such implements.

We have all read the statement the Minister of Agriculture made to the FAO conference at Washington. The minister realizes that Canada, together with other major exporting nations, is likely to be facing agricultural surpluses in the near future. Such references are made time and again throughout his speech; but while eighty per cent of his remarks dealt with the surpluses that may be imminent, he had very little in the way of concrete proposals to remedy the situation. I know the FAO proposals may have their shortcomings; but I believe any international arrangement which would enable us to get rid of our surplus products should receive the full support of this government. So, if other nations agree, I hope this government will be prepared to advance its share of the money required by the FAO for the purchase of agricultural surpluses.

If the government does not do any of these things, and even if it does, I believe there is need for a further extension of price support legislation. If we do not get another egg contract with Britain our poultry producers are going to need assistance through a price support arrangement. The Saskatoon *Star-Phoenix* reports that within the last two weeks the price of grade A eggs in that city has dropped by 11 cents a dozen. So I say that if we do not get an egg contract with Great Britain the government should support the price of eggs in order that our poultry producers may be assured at least a minimum standard of living.

The Chairman: Order. The hon. member has now spoken for forty-five minutes.

Some hon. Members: Go ahead.

The Chairman: Order. I gave the hon. member a few minutes more to make up for interruptions, but I believe he has now exceeded his time.

Some hon. Members: Unanimous consent.

Mr. Argue: I believe I am quite in order, but in any case I shall conclude in just a moment.

Mr. Adamson: On a point of order, Mr. Chairman, is it not a rule of the house that if an hon. member speaking in committee is interrupted he has a further forty minutes?

The Chairman: If he resumes his seat; but the hon. member has not resumed his seat; he has only forty minutes.

Mr. Adamson: I thought when the hon. member for Fraser Valley interrupted, the hon. member who is now speaking did resume his seat.

Mr. Cruickshank: Just a moment; I did not interrupt, if I may correct the junior member from the mining district. I requested permission to ask a question.

Mr. Adamson: But during that question—

Mr. Cruickshank: Go back to the stock market.

Mr. Adamson: —the hon. member did resume his seat.

Mr. McCusker: May I suggest that the hon. member from Toronto be given a private hearing.

Mr. MacInnis: I do not believe the interruptions were such as would give the hon. member a further forty minutes, but I suggest that the committee give him an opportunity to finish his remarks.

Some hon. Members: Hear, hear.

Mr. Smith (Calgary West): On a further point of order I would suggest that the hon. member for Regina City make his interjections from his own seat.

Mr. Argue: I thank the committee for this indulgence, and I shall be through in a moment. I was just saying I believe it is of great importance that the government should establish price support legislation for the most important agricultural commodities. If there had been a guaranteed price for bacon at the local delivery points we would not have seen a $4 drop in the price of grade A hogs within the period of a few weeks.

Since we are experiencing difficulty in selling many of our agricultural products, and probably will continue to experience that difficulty, and since the government have not taken the necessary steps to move our agricultural surpluses to the hungry people of the world, I suggest there is something else they might do that would be of great benefit to the Canadian people. I believe there is a place, in respect to certain commodities, for what I might term a consumption subsidy. We have large stocks of milk and butter on hand. We may have great difficulty selling our eggs before very long. These are protective, highly nutritious foods, and certainly it is in the best interest of our nation that Canadians should consume as much butter, eggs, cheese and milk as possible year in and year out. At the same time, in the interests of agriculture it is necessary to have adequate support prices; and a consumption subsidy would permit people especially in the lower income groups to make increased purchases of those commodities and at the same time guarantee our farmers a decent income.

At the present time we see huge surpluses of farm commodities looming on the horizon. The Minister of Trade and Commerce has said that a better bilateral balance of international trade would help world trade, but the fact is that the government has not taken adequate steps to bring about that balance. So I hope that the government will now take the necessary steps to increase our purchases of British products so that a market for Canadian timber, fish and agricultural products may continue to exist in the United Kingdom throughout the years to come.

[Mr. McCusker.]

Mr. Fleming: Mr. Speaker, trade, the subject which is engaging the attention of the committee at the moment, is of the highest importance to all Canadians. The prosperity of Canadian agriculture is a matter of concern not simply to the Canadian farmer but to everyone in this country. The strength and buoyancy of our exports are likewise matters of concern to all Canadians. There is no country the wide world over whose people have a greater interest per capita in the maintenance of export trade than Canada. It has been said times without number that one out of every three Canadians—sometimes it is put as high as three out of every eight—depend directly upon the exports of this country for their livelihood and employment; and in passing it might be observed that of the other two-thirds a goodly number depend for their livelihood upon the purchasing power of the one-third who owe their employment directly to our export trade. I add, Mr. Chairman, that this is not a new situation. It has always been so in Canada.

I begin with this general observation, sir, that the approach of all thinking Canadians, the approach of this House of Commons, and the approach of the government to this subject should be characterized by a sense of realism. The time has long gone by when this House of Commons, or the Canadian people, are going to be cajoled into a sense of unending security by bland statements from the Minister of Trade and Commerce at Ottawa. We who have heard statements from the present Minister of Trade and Commerce in times past will be on our guard against easy optimism.

Mr. Howe: The country was on its guard, too.

Mr. Fleming: What country?

Mr. Howe: The country was on its guard during the recent elections.

Mr. Fleming: I am going to have something to say about the recent election, Mr. Chairman, and the way in which some ministers were responsible for the Canadian people forming conclusions that were not based upon facts. I am not referring only to the deliberate suppression of reports on the part of the government that the Canadian people ought to have had, although that was a factor. The Minister of Trade and Commerce, of course, played a leading part in that act of suppression.

The Chairman: Order; that statement is out of order.

Mr. Fleming: The same Minister of Trade and Commerce played a leading part in

certain statements in reference to the trading position of this country, which I propose to mention now.

I begin with an incident that occurred in this house on April 25 last. At page 2520 of *Hansard,* you will find a statement by the Minister of Trade and Commerce in reply to a question. It reads as follows:

> The present state of our markets in the United Kingdom is quite normal.

It was on that statement, a statement that could not possibly be made to harmonize with the facts, and on similar statements during the campaign that the minister and his associates won the election.

An hon. Member: It is a good statement.

Mr. Fleming: A good statement? It is a statement that cannot be harmonized with the facts. If a good statement is one that serves the purposes of the government, regardless of the facts, no matter how far that statement flies in the teeth of the facts, then of course it was a good statement. It served well the partisan interests of this government but, sir, it did the greatest violence to the facts. It was not a matter of more than three weeks—

Mr. Ferrie: Our wheat is all gone, anyway.

Mr. Fleming: Your wheat is all gone, anyway? If the hon. gentleman is interested in wheat, I am prepared to tell him it is high time he worried about the wheat markets of this country.

Mr. Ferrie: I am not a bit worried.

Mr. Fleming: The hon. member is not worried. There is a typical remark coming from a government supporter. Is it any wonder that this gentleman, and others of his political stripe, are not worried when they hear airy statements from the ministers opposite, which are intended to create a sense of optimism but which do not fit the facts.

A few weeks after the Minister of Trade and Commerce made this extraordinary statement in the House of Commons on April 25, I heard the minister's opposite number in the government of the United Kingdom, the Right Hon. Harold Wilson, president of the British board of trade, make a comment in the city of Toronto on the state of Anglo-Canadian trade. This was the very thing the Minister of Trade and Commerce was talking about on April 25, when he said that the state of our markets in the United Kingdom was quite normal. What did Mr. Wilson say? These are his words:

> We have reached a critical situation in Anglo-Canadian trade.

Mr. Wilson did not make that statement merely in this country, but on his return to the United Kingdom he delivered a radio broadcast on Anglo-Canadian trade. In the course of that broadcast, he made this statement:

> Nineteen forty-nine is a year of crisis in our trading relations with our sister country across the water.

The Minister of Trade and Commerce said there was no crisis, yet within a couple of weeks thereafter the president of the British board of trade says Anglo-Canadian trade has reached a critical condition, and that 1949 is a year of crisis.

Mr. Sinclair: Labour government.

Mr. Fleming: Yes, and what about this government?

An hon. Member: Good government.

Mr. Fleming: It was a party to telling the people of Canada that there was no crisis when, in fact, there was a crisis of emergent proportions, sir. Hon. members opposite know well that, by some strange coincidence, there were emphatic denials right up until June 27, from the Minister of Trade and Commerce and others of his political ilk opposite, about the existence of a trade crisis in the United Kingdom.

Mr. Cruickshank: What did the people say?

Mr. Fleming: It was not more than 48 hours later, that the full impact of the crisis was exposed to the view of the Canadian people. You will remember that it was only a matter of two or three days after June 27 that the British government made its announcement of the forthcoming drastic curtailment of imports from Canada. There may be some gullible members, sir, following the government in this house. There must be a good deal of gullibility, if you take the sum total on the government benches; but is there any one of them, sir, who is gullible enough to believe that that trade crisis was created after June 27? They know quite well, sir, that the trade crisis was existent throughout the spring and the election campaign, but this government managed—as it did in connection with other matters—to suppress it until after June 27.

It will be remembered that Sir Stafford Cripps made this announcement in the early days after June 27. I refer to a comment by an official of the Department of Trade and Commerce in Ottawa on July 15 concerning that announcement, which is reported as follows:

> He estimated on the basis of Sir Stafford Cripps' announcement in London cutting the United Kingdom's 1949 dollar purchases by 25 per cent, Canada would lose by $60 million to $80 million this year. "If the slashes continue, then next year—1950—will be the crucial year," the official said. A continued

25 per cent cut next year in Canadian exports to the United Kingdom would mean the loss of more than $100 million.

You will remember, sir, that the full purport of the statement by Sir Stafford Cripps was that the reduction of purchases from Canada and the United States, which he found it necessary to make, amounted to no less than $400 million per annum. This is a matter that no Canadian dare contemplate without the gravest misgiving. I say, therefore, sir, that this whole question must be approached, not in the airy sense of optimism and jaunty complacency of the Minister of Trade and Commerce, but with adequate knowledge of the hard realities of the situation—for hard realities there are in this trading situation facing Canada. It is of the most momentous concern to all Canadians.

Sir, it is in that spirit of realism that I approach this problem, not in the spirit of unwarranted optimism, and certainly not in a spirit of unwarranted pessimism, because I am a great believer in the future of this country. I take second place to no man in my faith in the future of my country; but I think it is the first duty of every Canadian who loves his country to be a realist in appraising the strength of the forces that confront Canada today. Among her trading problems—

Mr. Cruickshank: And holding up pipe-line legislation.

Mr. Fleming: Mr. Chairman, I have only this comment to make on the reference made by the hon. member for Fraser Valley to the subject of pipe lines. If he were at one end of that pipe using his lungs and his voice there would be no need of pressure anywhere else in that pipe.

Mr. Cruickshank: A very good comeback, if I talked as much as the hon. member for Eglinton. He is talking all the time.

Mr. Fleming: What is the present situation? I make no apology for giving these figures to the committee. I know that statistics make a speech seem rather dry. Perhaps mine does not need the figures to make it dry; but I can appreciate the great desire of some hon. members opposite to avoid facing these figures. I wish to give some comparisons to the committee. These are government figures, of course.

(Merchandise only)
Nine Months' Period ending September 30
(Figures in millions of dollars)

Imports from

	1948	1949
United Kingdom	217	240
All commonwealth countries	363	380
United States	1,323	1,470
All non-commonwealth countries	1,559	1,693
Grand total	1,923	2,074

Exports to

	1948	1949
United Kingdom	516	526
All commonwealth countries	747	769
United States	1,040	1,024
All non-commonwealth countries	1,410	1,376
Grand total	2,158	2,146

Trade Balances

	1948	1949
United Kingdom (favourable)	299	286
All commonwealth countries (favourable)	384	389
United States (unfavourable)	283	446
All non-commonwealth countries (unfavourable)	149	317
Over-all (favourable)	225	72

You will understand, Mr. Chairman, that I am referring only to our commodity trading account figures. In 1948 our trading deficit with the United States was $283 million. In 1949 it has risen to $446 million.

Mr. Howe: How much was it in 1947?

Mr. Fleming: For the first nine months, which is the period I am comparing, our trading deficit with the United States in 1948 was $283 million. In 1949 it is $446 million.

Mr. Howe: I was asking what it was in 1947.

Mr. Fleming: I have not brought the 1947 figures down with me. I should be glad to give them to the minister—

Mr. Howe: I think they would spoil the hon. member's story.

Mr. Fleming: Oh, no, not at all, Mr. Chairman. The minister would very much like the committee and the country to forget the situation that we are confronted with today. He would be very happy if the minds of the people of Canada could dwell away back two or three years ago when the trading situation of this country was not nearly so serious as it is today. I am concerned about the situation today, and I wish the minister were more concerned about it, or more candid in voicing his concern about it.

The unfavourable trading deficit with all non-commonwealth countries in 1948 was $149 million; in 1949, it is $317 million. Our favourable balance with all countries in 1948 was $225 million; in 1949, $72 million. I think the most significant figures among those that I have just read are first of all the increase in our trading deficit with the United States. It has risen in the first nine months of this year compared with the first nine months of 1948 by $163 million. It rose from $283 million to $446 million. That in itself presents a problem of staggering proportions. And, sir, our position with the United States in respect of trade is a problem that must engage the attention of this house as it is

engaging the attention of those in Canada who have been studying the outlook for our foreign trade.

These figures alone do not tell the whole story, because while to commonwealth countries we shipped more than we purchased from them to the extent of $389 million, our deficit on trading account with non-commonwealth countries was $317 million. This favourable balance, sir, to which I have referred, of $72 million in the first nine months of this year is significant not alone in the fact that it represents a very substantial reduction as compared with 1948—actually it is less than one-third of our surplus on commodity trading account in 1948. But, sir, let us also consider how the purchases of the commonwealth countries—I am speaking now particularly of the United Kingdom—are being financed at the present time.

Thanks to the European recovery plan there is in these figures of purchases by commonwealth countries from Canada a total of $293 million in round figures, all provided out of funds supplied by the United States. That represents in itself practically our whole trading surplus with the United Kingdom. In other words, our favourable trading position with the United Kingdom is due entirely to the European recovery plan financed by the United States. How long we may expect that to continue no man dare prophesy, but the moment it is withdrawn, as we can see from these figures, immediately our trading surplus with the United Kingdom vanishes.

Along with that, loans provided by this parliament are being used by the United Kingdom at the rate of $10 million a month. And these same figures for the nine months include $90 million provided by this parliament for financing purchases by the United Kingdom in the Canadian market.

It would be very well at the same time to put due emphasis upon the fact that the figures I have quoted are figures of commodity trading. In measuring the over-all situation we must also take account of the fact that this country is paying interest and dividends to persons in the United States. Figures in the last Canadian calendar year show that $230 million was sent out of this country on that account.

We must therefore so devise our trading policies and so create a favourable trade balance elsewhere that we may be in a position to continue to make those payments on our obligations in the dollar area.

And, sir, we will do well to remind ourselves also, in considering these figures of Canadian export trade, that while we are glad to see every dollar which appears in these Canadian export figures, these figures are on the basis of inflated dollars. And we should remind ourselves more directly than did the minister in his remarks this afternoon. These figures do not represent volume increases in proportion at all. I should like to quote a paragraph to the house from the October issue of the *Canadian Statistical Review* at page 5, where it states:

> The value of gross national product, according to an estimate recently published by the bureau—

That is, the dominion bureau of statistics—

> —was $15,450 million in the year 1948. This is 13·7 per cent above the $13,591 million for the year 1947 which, in turn, was 13·8 per cent higher than the 1946 figure of $11,936 million. Price rises were more influential than volume in these increases.

The same applies with equal force to the figures on export trade. As a matter of fact that was recognized by the department several months ago when it cautioned against treating 1949 current figures as being capable of direct comparison with the figures of earlier years, because the current figures are in inflated dollars which do not represent corresponding volume increases. And incidentally the minister would do well to remind himself of that fact when he is talking about 1947 figures. "Price rises were more influential than volume in these increases."

What are the policies of governments abroad? What are the policies particularly of our two principal fellow-traders, the United Kingdom and the United States? Their policies are of the most direct interest to all Canadians. The policies of the United Kingdom government, whatever may be the circumstances facing that government which in their view justify the course they are taking, are nevertheless policies that must fill us all in this country with grave misgivings as to the future of our markets in that land.

I have already referred to the drastic curtailment of imports from Canada which was announced by Sir Stafford Cripps just after the election in this country. What has happened since? We have seen the United Kingdom government announce devaluation—a very drastic devaluation which necessarily makes it more difficult for the United Kingdom to purchase from Canada because their pounds are exchangeable for fewer dollars to purchase our products.

That was one factor. But there are other factors in the situation. One of these is the policy of bilateral agreements which the socialist government in Great Britain is pursuing. It is true they have expressed regret in doing so, but the fact remains that they have been pursuing policies of bilateral trade which are harmful to Canadian interests. Canadians would do well to remember that the commodities that are the subject

of these bilateral trade agreements are in many cases commodities that we in Canada are producing and would gladly sell to Great Britain.

Let us remember that three years ago this country had twenty-three contracts with Great Britain for the sale of food to that country. Yet today we have only four, three of which expire at the end of this year. Our wheat contract expires next July.

In 1948 United Kingdom purchases from Russia increased by $79 million, her purchases from Poland by $30 million, her purchases from Hungary by $15 million, her purchases from Denmark by $61 million, while at the same time her purchases from Canada fell by $67 million. Can Canadians sit back and contemplate this situation with any measure of equanimity? Dare the government contemplate that situation and remain idle in the face of it, or refrain from pursuing more effective measures than they have been following?

It is with the greatest regret that I find it necessary to comment upon some observations made by socialists in the United Kingdom concerning purchases from Canada. Unfortunately these utterances have been increasing in number in recent months. It was in September last that Mr. Wyatt, a socialist member of the United Kingdom parliament, undertook to say in the House of Commons at Westminster that the United Kingdom was paying for Canada's dollar deficit in international trade. He told his people that the United Kingdom parliament should insist upon Canada accepting payment in sterling for her sales to the United Kingdom. Presumably he meant blocked sterling. Other socialist members in the old land have taken up the cry, and similar statements have been emanating from socialist members of parliament at Westminster from time to time since. Those statements however reached a sort of climax when probably the most radical member in the cabinet of the United Kingdom, the Right Hon. Aneurin Bevan, undertook only a month ago to say, during a debate at Westminster on the subject of devaluation, that if the United Kingdom stopped buying from Canada—and I am quoting his words—"what is a British financial crisis would become a Canadian crisis".

With all due respect to the sources from which those statements come, I think it is well that some should remember—and I am sure no Canadian likes to refer to these facts —that Canada has sought to be generous in her trading relationship with the United Kingdom during and since the war. Our Canadian wheat farmers have accepted prices under the wheat agreement which were substantially below the price brought by wheat on the world market. We have made substantial gifts and have provided substantial loans to the old land.

We do not mention these things in any invidious or carping spirit. We say this only in the hope that those who are responsible for shaping the trading policies in the old land today will bear in mind that Canada has sought to do her part to rehabilitate the trading ability of the old land. At the same time we ask those who are shaping those policies in the United Kingdom to remember what Canadian food producers strove to do for the British market during and since the war, and that it would be a betrayal of the Canadian food producer to close the door to the entry of Canadian food products into the United Kingdom today. That is a fair attitude for Canada to take in trading approaches to the United Kingdom, and it should be recognized as of first importance in shaping the policies of the Canadian government.

This parliament would like to know the outcome of the conference held in the United Kingdom in October in which the deputy minister of trade and commerce and the deputy minister of agriculture participated. We want assurances that the Canadian food producer is not going to lose that market which he has served so well. We would like to know what steps are being actively pursued at the present time to preserve that market for the Canadian food producer.

An amendment was introduced by this party on a recent occasion—I am not going to refer to the debate—which asked this government to pursue steps to bring about a conference of commonwealth countries to consider trade. That proposal was rejected by this house. But another opportunity is offering. There is to be a meeting of ministers of the commonwealth countries in Colombo, Ceylon, in January. When his department's estimates were being discussed in the standing committee on external affairs recently I asked the Secretary of State for External Affairs if trade matters would be discussed. His answer was that no decision had been reached about the discussion of trade matters. I urge upon the government that there is nothing more important which that conference could take up, no subject of more lively concern to the whole commonwealth and certainly to this country, than our trading relations with the commonwealth countries.

The situation is fraught with the gravest dangers for Canada if we continue to place more and more of our trading eggs in the United States basket and fewer and fewer in

the baskets of the commonwealth countries. Warnings have not been lacking. Warnings have been offered to the government by those to whom the government should have been glad to listen. Months ago the Canadian Exporters Association made a submission to the Minister of Trade and Commerce containing this statement:

> Since the beginning of this year the foreign sales representatives of our member firms have reported a very serious drop in sales in their long-established British empire markets. This falling-off of export sales, in many cases right down to zero, is so alarming—

That was months ago.

> —that the association deems it advisable to bring the matter to the immediate attention of your department.

Urgency is the keynote of that statement. Here is another statement in the same submission, and I remind you that this was made to the minister months ago:

> Canada finds herself today in the peculiar situation, as the sole member of the British commonwealth unable to trade more or less freely in empire markets, which have become increasingly important to Canada in the development of her world trade. Canadian firms have spent a great deal of effort and huge sums of money to develop markets in these countries. They have become dependent upon these markets for a considerable part of their production and many thousands of Canadians have relied upon them for their livelihood. Unless some action is taken with alacrity Canadian exporters feel that they might be faced with the permanent loss of the empire markets, which would inevitably mean distress and unemployment in Canada. As a matter of fact, some of our members already report that it has been necessary to lay off some employees because of the present unfavourable situation in sterling area markets.

The Canadian Exporters Association went on to say that they feared unemployment was beginning among the dock workers at Halifax and Saint John; today we are seeing Canadian bottoms sitting idle in those Canadian ports. Today's issue of the Ottawa *Journal* contains a dispatch from Pembroke stating that the dollar shortage will force the Canadian Splint and Lumber Corporation, one of Pembroke's largest industries, to close on December 16, because of the British dollar shortage.

So far as our trading relationships with the United States are concerned, we will not forget that this government stood by passively and watched the flight of dollars to the United States in the long months before November, 1947, when they finally moved to put into effect their austerity program. The same Minister of Trade and Commerce who sits opposite tonight in his airy, optimistic way said that those restrictions would be in effect only a matter of months. When he was asked later what he meant by months, he proceeded to tell the house that that meant a year. The fact is that those restrictions have already been in effect for over two years and we have no indication that the government proposes to demobilize them. The indications are that they will be intensified because of the existing situation.

I wish there were time to develop some of the thoughts I had hoped to bring out at this time, but as I have but five minutes left I should like to point out the danger of counting on the United States as a market for our exportable surpluses and the danger of trifling with the growing loss of our markets in the United Kingdom. So far as our markets in the United Kingdom are concerned, I remind the committee that for the past 80 years goods having a high labour content have predominated in Canadian exports to other British markets. At the same time Canadian exports to the United States have consisted uniformly of goods of low labour content. In 1946, 77 per cent of Canadian exports to the United States had a low-job value, while at the same time 85 per cent of Canadian exports to the sterling area were in the high labour-content category. In this way the sterling area provided direct employment for approximately 1,250,000 Canadians, while the United States provided employment for probably one-fifth of that number.

My concluding remarks will be in the form of a warning of the danger of relying, as we are today, on United States markets, and I ask the committee to bear these facts in mind.

1. The Canadian and United States economies are similar and, therefore, competitive. They are not complementary, and therefore there can be no thought of integration of the Canadian economy with that of the United States. That would be fraught with the greatest economic and political danger for all Canadians.

2. The United States cannot purchase the goods and services formerly taken by the sterling area except in the particular circumstances of very great world-wide shortages which would allow them to sell abroad their own surpluses of the same materials.

3. The United States soon will be in the position of having unsaleable surpluses on the domestic market in nearly all lines. United States productive capacity has increased an average of 60 per cent in ten years while its population has increased only 12 per cent.

4. The United States cannot increase the purchases of the materials which she does take from Canada on a scale sufficient to compensate Canada for the loss of employment in the industries exporting to the sterling area. If the United States were to double the purchases made in Canada in 1948 and if we were at the same time to lose all

our sterling area markets, Canada would be left with unemployed that some have estimated might come close to one million.

5. Integration would end all reason for the maintenance of the vast majority of the United States branch plants in Canada which now have a capital value of over $2,000 million.

6. "Integration", therefore, would be accompanied by a de-industrialization of Canada and the emigration of profession and industrial classes.

7. If "integration" were finally completed, Canada would be left with a primary-products economy which would be required permanently to maintain a position similar to that of the United States of seventy-five years ago.

The situation is fraught with the greatest danger. What is needed on the part of the government is a sense of realism, of candour, of honesty with the Canadian people, and above all a sense of pressing urgency.

Mr. Cruickshank: Mr. Chairman, I shall be very brief. Strange to say, I agree with something the hon. member for Eglinton has said. The only difference between myself and the hon. member for Eglinton is that I do not feel capable of speaking for forty minutes every day on each subject that comes before the house. I do not feel that I have a knowledge of all subjects that come before the house, but apparently he does. I do not have the privilege of speaking for the minister, but I can speak for the private members of British Columbia and say that we believe in the hon. member for Eglinton's argument as to a trading balance. We believe that where you want to sell you must be willing to buy. I want to bring to the attention of the hon. member for Eglinton, and of the people of Ontario, the fact that he came out to the province of British Columbia and tried to sell—

Mr. Sinclair: When?

Mr. Cruickshank: Prior to the 27th of June.

Mr. Sinclair: Nobody bought.

Mr. Cruickshank: They were not willing to buy. I want to say to the hon. member for Eglinton that in each and every riding where he spoke in the province of British Columbia the Liberal doubled his majority. I am informed the same form of salesmanship took place in Ontario. I do not want to delay matters, but when the hon. member for Eglinton has what I would call the audacity to criticize the policy of this government, with the mandate it received in his own province on the 27th of June, I think he has gone one step too far. So far as I am concerned, I will be delighted to contest my riding or his any day that he wants to ride on the record of the present government.

Mr. Argue: I rise on a question of privilege. The Minister of Trade and Commerce disputed the carryover figures I gave in relation to wheat. I want to say to him that those figures came from the *Canadian Coarse Grains Quarterly Review* of August, 1949, published under the authority of the hon. gentleman, and the figures are to be found on page 9. The paragraph containing them reads:

> With the exception of barley, stocks of Canadian grains in all positions at July 31, 1949, were well above the totals at the end of the 1947-48 crop year. Total stocks of Canadian wheat at the end of the 1948-49 crop year were 98·7 million bushels, an increase of 21·0 million over the July 31, 1948, revised carryover total of 77·7 million bushels.

Mr. Quelch: I do not intend to speak at any length, but there are a few points I want to deal with concerning our international trade problems. There is no doubt that today a great deal of concern is being felt by people in different parts of Canada as to the international trade situation. Statements made by responsible ministers of the crown and officials add to that fear and increase the confusion in the minds of the people regarding our problems and their solution. I want to congratulate the hon. member for Assiniboia upon the very constructive speech he made in dealing with these problems. I noticed that hon. members opposite did not seem to appreciate his speech, and I want to point out to them that they cannot hope to laugh off a problem. You cannot find a solution by laughing it off.

Statements appearing in the press at the present time show that once again, as in the 1930's, we see on the one hand surpluses of goods piling up and on the other hand masses of people starving for the want of those goods. I should like to quote one or two press dispatches. There is one in the *Manitoba Co-operator* which reads:

> At the same time leading economists of member countries will wrestle with what FAO director general N. E. Dodd describes as the "terrible paradox" which finds farmers in some lands threatened with ruin by plenty while millions in other lands are oppressed by hunger and poverty.

Then again:

> On one side of the gap stand consumers, many of them desperately hungry, eager to have more of the things they need, eager to earn more to pay for them as fast as they can. On the other side stand producers, afraid that if they produce as they can and would like, they may drown themselves in unsold surpluses.

I also think the speech made by the Minister of Agriculture before the 5th session of the FAO conference on November 24 should be carefully read by all members. I

congratulated the Minister of Agriculture upon a speech that he made before the Canadian chamber of commerce in London, England, in December, 1948. I thought it was a very fine speech. I only regret that he did not make a similar kind of speech during the election campaign. I must admit I helped him out by quoting it quite profusely in my constituency. Again he has made what I consider to be another fine speech, and again I say it is a pity the speech he made before FAO was not made during the June election campaign. I want to quote briefly from the speech, starting on page 1, and reading as follows:

> The review of the world food situation prepared by the council of FAO presents a disturbing picture. Parts of it, in fact, must raise the question in the minds of many as to whether FAO's goal of a better nourished world is likely to be realized, at least in the foreseeable future. The picture presented in that report shows that, while total world agricultural production has regained pre-war levels, it has not kept up with increasing world population, and that the supplies available per person are still below pre-war levels. Even more serious, however, is the fact that although production gains by countries are unevenly distributed, monetary difficulties are threatening to prevent freedom of movement of foods and other necessary products from "surplus" to "deficit" areas. This, in turn, might easily lead to a slackening of the productive effort in some countries and an increase in cost which may deny food to the people of other countries.

Further down:

> This threat of accumulating food supplies in some parts of the world while people in other parts of the world are underfed must evoke unpleasant memories in many of us . . . Our monetary difficulties today threaten to reproduce the situation which existed twenty years ago, a lack of that free movement of food from those with food to spare to those in want. And unless some way can be found of solving this problem we cannot hope for that "all-out" effort by exporting countries that is needed if the people of the whole world are to be adequately fed. In other words, it is difficult to persuade a farmer to produce more food for the hungry in some other land if he sees no likelihood of its ever getting to the people who need it—if, in short, it is likely to remain on his hands.

Further on there are these words:

> Unless a concerted effort is made to restore trade and payments equilibrium, the persistence of present difficulties threatens to reverse the trend towards freedom from want. It would compel some of the largest surplus producing countries to restrict their agricultural output and deficit countries to expand their production at any cost.

It seems to me that is the great danger at the present time. In spite of the fact that the production of food is insufficient to meet the needs of the world today, surpluses are starting to pile up already; and of course, as the Minister of Agriculture points out, if surpluses start to pile up in a great producing nation the producers of that nation are bound to begin to curtail production. No industry can continue to expand its production unless it has an expanding market. If it did it would simply mean that it would be headed for bankruptcy.

I do not think anyone would try to argue that farmers in Canada today are making an all-out effort to expand production. No one could reasonably expect them to do so, because they have no assurance that in future they will have a market for their production at reasonable prices. Then statements made by the Minister of Agriculture, the Minister of Trade and Commerce and by the FAO tend to put a doubt in the mind of the farmer as to whether or not he can afford to expand his production, because no farmer is going to increase production in order to create a surplus which will force down the price of his commodity. But as long as we have starving people in the world, as we are told there are today, there can be no justification for reducing production; and it would be an act of criminal folly on the part of any government to encourage any lessening of the production of food while at the same time there are starving masses of people in various parts of the world.

As my reason for saying the farmers have grounds for fear that their markets may be limited, let me quote one or two press dispatches. First I refer to a Reuters dispatch of last month:

> British bacon imports from Canada in 1950 will depend on the dollar situation and on the volume of goods and services Britain can sell for Canadian dollars, food minister Strachey told parliament yesterday . . .
>
> At Ottawa it was learned that the Canadian government already has been informed that the United Kingdom will buy less bacon from Canada in 1950 than she did in 1949.

Statements like that appear day after day in the Canadian press. I quote another:

> The British chancellor of the exchequer told a London press conference that Britain is considering switching over to European sources of supply for some of the foodstuffs she formerly purchased from Canada. He specifically mentioned eggs.

Then in the Wheat Pool *Budget* of November 8 I find this statement:

> John Strachey, British minister of food, in the course of a speech made at Coventry, England, stated that the British government may reduce its purchases of wheat from Canada after July 31, 1950. He is reported to have said the reason therefor is that Britain cannot buy with dollars it hasn't got.

Whether or not we agree with those statements we must recognize that as long as these statements continually appear in the press they are bound to have a depressing effect upon agriculture; and when the Minister of Agriculture makes such a statement as he delivered before the FAO conference it is bound to give rise to a great deal of concern. I want to congratulate the

Minister of Trade and Commerce on the speech he made recently before the export association at Montreal, in the course of which he clearly pointed out Canada's international trade problem. I quote from his statement, as it appeared in the Montreal *Gazette*:

> If Canada, without further loans, is to hold her current trade status with Britain after the termination of Marshall plan aid in 1952, then Canada must increase purchases from that country by an annual $365 million.
>
> That is approximately the trade balance in Canada's favour. In the year ended last September, Canada bought from Britain $325 million worth of goods and sold $691 million.

Then further down:

> On the other hand Canada's balance was adversely affected by trade with the U.S. While Canada shipped $1,550 million worth of goods in the same twelve-month period, she imported about $2 billion. The $450 million deficit was collected from the rest of the world through Marshall aid dollars.
>
> "Obviously, our policy must be to export more to the U.S. or alternatively to buy less from that country."

I think the question people are interested in having answered is, just what is the government doing to bring about that balance, the need for which the minister pointed out? In that speech he went on to say that in Canada we have a shelf of projects under consideration by the government for the purpose of helping to maintain or build up effective demand in this country, but of course on the other hand we must realize that building up effective demand in this country will not provide a market for our wheat. Therefore we must be prepared to accept imports from other countries in payment for that wheat. Of course if we maintain a high effective demand in this country there will be a demand for the imports that can be brought here in exchange for our wheat. But, as the minister pointed out, we have something in the neighbourhood of another $365 million of imports we will have to bring in from Britain, before we establish a balance and we will either have to sell more to the United States or buy less from that country. That is one of the reasons we in this group have not opposed the idea of exporting oil and gas to the United States once our own needs are satisfied. We need dollars in the worst way, and certainly that would help relieve the difficult dollar situation we are now facing.

The point the government do not seem to appreciate is that the situation which has developed today is the inevitable consequence of the international trade and financial policies which they fostered immediately after the war. Time and again in 1944 and 1945 we of this group stressed the fact that if we wanted to sell to the nations of Europe we must be prepared to accept payment in the currencies of the European countries, and then use that currency to buy their goods. Yet every time that matter came up in the house we had the minister of finance of that day insisting that when we exported to Europe we must be in a position to obtain dollars in payment, in order to meet our debts. Just let me quote from *Hansard* for April 11, 1946, at page 764. Mr. Ilsley said:

> . . . we must be able to use the proceeds of our exports to the United Kingdom and the continent of Europe in paying our own bills and debts in the United States . . .

Then on April 16, 1946, at page 919, I asked this question:

> Will Canada be prepared to accept goods from the United Kingdom in repayment of loans? How will the United Kingdom maintain convertibility of the pound if Canada and the United States do not provide the United Kingdom with dollars by purchasing British goods to the extent of the British credit?

Mr. Ilsley replied:

> . . . it is not necessary that there should be adverse balance of payments as between Canada and the United Kingdom in order to enable the United Kingdom to repay the loan . . . She can pay for Canadian goods by exports to other countries as well as to Canada. Under a multilateral trading system and convertible currencies—

If that is the solution, why do we not adopt it? If it is so simple that all you have to do is maintain a multilateral system and you can balance your trade, why after four years is this multilateral system not in operation? The government know very well that you cannot have a multilateral system of trading when you have an unbalance as between the dollar and sterling areas amounting to something in the neighbourhood of $6 billion; and it is nonsense to talk about the convertibility of currency as long as that situation exists. At that time the minister of finance was thinking in terms of those years before the war when Britain had large credits she could draw upon from India, Egypt and other countries. Those nations had surpluses in their dealings with the United States, and they paid their surplus dollars to Britain. Those days are gone. Today both India and Egypt are heavy creditor nations of Great Britain, so that actually Britain is having to pay pounds to those countries instead of receiving dollars. So it will be quite evident now, even if it was not evident to the government at the time, that the only solution is, as the Minister of Trade and Commerce said in Montreal, to expand our imports from Europe and, on the other hand, to either sell more to the United States or buy less from the United States to make up our deficits with that country.

Now, the Marshall plan has been helping to balance international payments for the last few years, but the Marshall plan ends

in 1952. Everyone is wondering what may happen after 1952. ECA reports that Europe will not be in a position to balance her trade by then; she will still face large deficits. We are being warned now by the European nations that they will have to drastically reduce imports from this country, not because they want to, not because they do not desire our goods, but simply because they have not the dollars to pay us. Just so long as we insist upon payment in dollars instead of accepting goods from those countries, they are bound to take that action.

I was somewhat interested in a statement that appeared in the *Wall Street Journal* of November 18 as to what will likely be the successor of the Marshall plan. If this proposal is put in operation, then I believe Canada will be facing an even more serious situation than she is facing at the moment. The article reads as follows:

> Aim to finance over million tons of grains, tobacco, cotton and fruit yearly.
>
> The state and agricultural department are evolving a large scheme to get rid of America's mounting farm surplus by shipping them abroad at a loss . . .
>
> Barter U.S. commodities would be traded at cut price valuation for foreign strategic material. Permission to do thus has already been voted by congress.
>
> Under this proposal private exporters would sell certain over-plentiful commodities abroad, accepting payment in foreign money. The U.S. government would then give the exporters dollars for his alien paper.

I point out, Mr. Chairman, that if the United States does that, and we refuse to do likewise, then we are going to be left holding the bag. This group has been advocating that plan for the last five years. We have insisted that, if we are really interested in putting international trade upon a sound basis, then we must be prepared to accept payment in the currency of the importing nation. That would be absolutely justified, because international trade is the exchange of goods. The only thing we need with which to buy European goods is their currency. If we really intend making international trade what it should be, we do not need to get dollars from Europe; we can accept their currency and buy their goods with it. Then there will be no difficulty in balancing our trade with Europe, and Europe will not have to curtail purchases from this country because she has not got dollars.

The former minister of finance would have argued that we must receive dollars to meet our deficit with the United States. I would say it is not the responsibility of Europe to make up our deficit with the United States. It may be argued that there is a large dollar content in the goods we ship to Europe, but there is also a large dollar content in the goods that Europe ships to Canada, because Europe has to buy a great deal of raw material from the United States. The one would balance the other. I would say it is our obligation. At Montreal, the Minister of Trade and Commerce pointed out that was the situation, that we would have to balance our trade unilaterally with the sterling area and unilaterally with the dollar area. In the future, we could not expect to get dollars from Europe to make up our deficit with the United States.

I only wish the government had recognized that fact back in 1944-45 because, had they done so, they would not have been so keen on signing international monetary agreements such as the Bretton Woods agreement, and the non-discrimination clause in the Geneva trade agreements. I am not attacking the Geneva trade agreement as a whole, but I do strongly attack that so-called non-discrimination policy which denies a nation the right to determine its own source of supply.

In this group, we have always felt that international trade should represent a reciprocal, and mutually agreeable, exchange of goods and services between nations; not an exchange of goods for money. Hence, creditor nations must, in the future, be prepared to accept goods and services in exchange for credits held by them in other countries. We feel that, until such a system has been adopted, nations must have the right to determine their source of supply for imports, in order to protect their own balance of payments. We also oppose any attempt to bring about the free convertibility of currencies, or the adoption of the gold standard.

In order that a balance of international payments may be achieved, we advocate the following procedure: An exporting country should accept payment in credits in the importing country, which it would have to clear directly or indirectly, by purchasing that country's goods or services. If it failed to do this, then under a statute of limitations, any credits still outstanding after a specified period would be cancelled. It is interesting to note that that suggestion, that a statute of limitations should be invoked, has been made by the London chamber of commerce, a body of men who have probably had more experience in international trade than any other body in the world.

It is interesting to note also that Maynard Keynes, in his original proposals, recognized the need for some method of forcing a creditor nation to accept payment in goods, or alternatively to forfeit the payment of those

credits. We feel that this will make international trade an exchange of goods and services, and will place the responsibility for achieving a balance upon both parties trading together. I know that many people will argue that a system of trading of that kind would be bilateral and, therefore, undesirable. It would be a simple thing, however, to put that on a multilateral basis by establishing an international exchange upon which credits held in one country could be traded for credits in another.

We feel that this trading should be executed at a fixed rate of exchange, based upon the relative value of the currencies as determined by their purchasing power internally. For example, if this country exported a million dollars' worth of goods to Britain and only needed half a million dollars' worth of goods back, we could then trade that half million dollars' worth of goods through the international exchange to France for half a million dollars' worth of goods from that country. Then, France would accept the goods we had coming from Britain, and that would put the trading on a multilateral basis. It would be an exchange of exports for imports instead of the currency of the exporting nation. In that way, it would be a comparatively simple matter to maintain a balance of trade.

Any nation that refused to accept imports in exchange for the credits it had established would be making a gift to that nation because, if over a period of time they refused to accept imports, under a statute of limitations that credit would be wiped out. That was one of the main arguments we had against the Bretton Woods agreement; it had a strong pro-creditor bias. It placed the full responsibility for balancing trade upon the debtor nation instead of placing it equally upon the creditor and debtor nation. If a proposal such as I have outlined were adopted, it would be placing pressure upon the creditor nation as well as upon the debtor.

I noticed that the Minister of Agriculture refers to the proposals put forth by the FAO in his speech delivered before that organization. At page 5 he says:

> Canada, therefore, is prepared to give serious consideration to any international action designed to attain production and distribution of food. From this point of view we are interested in the proposal advanced by the director-general for an international commodity clearing house. While endorsing the principle underlying this proposal we are not in agreement with the means which, it has been suggested, are necessary to reach the objectives.

Then, the minister concludes with these words:

> In conclusion, we in Canada agree with the United States and the United Kingdom that suggestions should be considered by a working committee. The Canadian delegation will co-operate in every possible way on such a committee.
>
> We hope that out of this conference will come a suggestion that we can all agree on.

It is very unfortunate that so far nothing has come out of that conference. There were proposals for setting up a world pool of food in order to get food from surplus countries to needy countries, but as the Minister of Agriculture said, in so far as Canada was concerned, they were not prepared to agree to the proposal. There was one very interesting feature in the proposal, namely, that surplus food could be sold from that pool to countries and payment accepted in their own currency. I look upon that as a forward step, and there does seem to be a growing recognition of the fact that if we want to expand international trade we must make it an exchange of goods to the mutual advantage of all, and therefore be willing to accept payment of our exports in the currency of the importing nation. We have had that suggestion from the London chamber of commerce of Great Britain. According to the *Wall Street Journal* that is going to be done by the United States after the end of Marshall aid. The FAO are suggesting such a proposal. Therefore I would urge upon the government that they give careful consideration to that suggestion because if after Marshall aid ends the United States exports her surpluses and receives payment in part in the currency of the European nations she will take markets away from Canada and we are going to be left holding the bag. I hope the government will take action before the situation gets any worse.

Mr. Howe: For the information of the new members who may be bewildered by this debate I may say that opposition parties have been making these speeches since 1944 in every successive session, and if they will go back through *Hansard* they will find no change in the nature of the speeches.

An hon. Member: Nor in the attitude of the government.

Mr. Howe: Perhaps not.

Mr. Fleming: And the government has learned nothing.

Mr. Quelch: And our prophecies were borne out.

Mr. Howe: Just to bring the position of our trade with the United Kingdom into perspective let me give the committee the trade figures back over the years. Take the year 1929, the most prosperous year between the two wars: our exports to Britain in that year

were $290 million. Take the year 1933, which is perhaps the worst year in that period. Our exports to Britain were $210 million.

Mr. Quelch: Marshall aid is helping now.

Mr. Howe: Never mind what is helping us now. Perhaps I can put these figures on *Hansard* without too much interruption. Take 1938, the most prosperous year in the thirties. Our exports to Britain were $339 million. In 1939 they were $328 million; in 1947, they were $751 million; in 1948, $686 million; and in 1949, which is not completed, they will be well over $650 million. This is the way in which we are losing our exports to the United Kingdom.

Mr. Quelch: The minister will agree that Marshall aid is providing the dollars.

Mr. Howe: My hon. friend has the idea that we should go back to the primitive days and exchange goods instead of using money as a medium of exchange.

Mr. Quelch: No. I said that we should accept the currency of the importing nation, which is a totally different thing.

Mr. Howe: The hon. member said a lot about exchanging goods. Modern civilization has found that a good way to exchange goods—

The Deputy Chairman: Order. May I remind hon. members that they must not interject or ask questions of an hon. member who has the floor unless they first obtain his consent.

Mr. Howe: Mr. Chairman, so much for the over-all situation. Judging from these figures I have quoted one would hardly reason that we are losing our trade with Britain. Let us take the individual commodities. What about wheat? I think we are in grave danger of being oversold on wheat from this crop. After the first of the year the government s going to start advertising to farmers asking them to please deliver all the wheat they possibly can as early as they can for the balance of this crop year so that we can deliver that wheat on commitments already made.

What about oats and barley? There again our sales are getting ahead of deliveries, and we are rather worried that we may be getting into an oversold position on oats and barley. What about flax? An hon. member spoke of the great surplus of flax from last year. We did have an unusually heavy carryover. That flax is moving out, and we are just wondering whether we shall have enough flax to run us through the current year and take care of the export commitments.

What about bacon? I am not too proud of our position in bacon. We contracted with Britain to furnish a quantity of bacon in the year 1949, and we are actually delivering a pretty small proportion of that contract. There are two sides to a contract. Some people may say that Canada is in a very happy position, but I do not think that the United Kingdom, which holds the other end of the contract, is so pleased with our deliveries on the bacon contract; and that also holds for the egg contract we made for 1949. That contract is still current, and we are still in a very serious deficit position in our delivery of eggs.

No one has said anything about beef. The beef prices in the Winnipeg livestock market reached the highest point within the last two or three weeks that they have reached for many years. Speak about other products. If there are large unsold surpluses I do not know what they are. But what is our trade position today? The Minister of Trade and Commerce cannot sell products that we have not got, and I do not know of any unsold surplus products that we have. Someone may mention dried milk. Perhaps we have dried milk. If we have an oversupply of dried milk, perhaps the remedy would be to sell milk in some other form which is readily saleable today.

We speak of butter, and compare the figures for butter this year and last year. The Department of Agriculture tells us that the stocks of butter on hand at the present time are just about enough to see us comfortably through the winter. May I remind hon. members who compare these figures with the figures of last year that last year we had to go abroad and import butter to carry us through last winter. That is the position of our exports today. Anyone who finds in them a great threat to the future of this country must view the situation with very jaundiced eyes indeed.

I hear hon. members speak of realism. Well, my experience with that phrase is that it is a synonym for pessimism. It is a great phrase used along St. James street and Bay street. The realistic view is always the pessimistic view. I am accused of being a great optimist, but I believe in making statements according to the facts which are laid before me. I have done that consistently and I have done it again this evening. I think that when next year rolls around and we look back upon the statements I have made tonight it will be found that they will be in just about the same position as they have been ever since 1944. In the past I think my predictions have been found to be fairly accurate.

Mr. Wright: As a farmer I certainly hope that the Minister of Trade and Commerce is right in what he has just predicted. However, that is not the feeling that prevails in most rural areas in Canada. Certainly it is not the feeling out in Saskatchewan when just within the last month the price of eggs dropped 11 cents a dozen and the price of pork 4 cents a pound.

Mr. Howe: Was that drop due to a lack of outlets for the pork and the eggs? Was it not because the price of eggs got very far above the floor set by the British contracts, and the same with bacon?

Mr. Wright: A farmer out there is receiving at the present time about 28 cents a dozen for No. 1 eggs, and I do not think that is a price at which he can produce eggs at the present time. The minister gave certain figures with respect to our exports to Great Britain; I believe the figures were $648 million worth of exports. He did not point out that the price of those exports today as compared with the earlier period—in the twenties or thirties—is about twice as much. He did not give the volume. Certainly the volume is not as great now as it was then.

Let us look at the period between the two wars. We tried for years to build up our markets with Great Britain on pork products and dairy products. We established a grading system in this country for bacon. We established a grading system for our dairy products, and we tried to produce an article which would be acceptable to the British market. We tried to build continuity of supply for that market, because there are two things the British market demands: one is continuity of supply and the other is quality of the product.

We were reasonably successful. By 1939 we had built up a reasonably good market for cheese, bacon, apples, honey and certain other products of our farms and our fisheries. Then the war came along, and we found suddenly that that market was tremendously increased. We had become the only supplier. Encouraged by the government, the farmers of this country went into increased production so that they doubled and trebled their production of those agricultural products for the market in Great Britain.

I do not think anyone expected we were going to be able to maintain all of the market we had established during the war, or that we were going to be able to continue to supply the quantities we supplied during the war. But we did expect, and certainly the agricultural industry in this country had a right to expect, that we would retain at least the major portion of that market. But when the war was over we found that the market slipped away from us.

Someone asks why. Liberal members across the way were shouting "why" only a few moments ago. The reason is perfectly obvious. When the war was over we found that the market we had created there had been created through loans we had made to Great Britain. We had given away a billion dollars' worth of our products produced in this country. When the war was over those loans were cut off. I do not think it was good policy to cut them off as quickly as the United States did—and we followed closely in her footsteps.

Great Britain had not the money with which to make purchases. She could have bought on a time basis, if we had been prepared to continue to give her credit. But, knowing well enough that she would never be able to repay those credits, she did the only honourable thing and tried to get in on a cash basis. She tried to get goods where she could exchange goods. But we refused to enter into a bilateral agreement with her on agricultural products.

It is only two months ago that our Prime Minister went down to the United States and speaking at Troy, I believe it was, he offered a bilateral agreement with the United States in the matter of arms—war materials. Surely if we can make a bilateral agreement for the purposes of war we should be able to make a bilateral agreement with Europe to feed the people. If we are going to have peace in the world, and if we are going to build a world which we can hope to improve and from which we hope to eliminate communism, then we had better get wise to ourselves.

Mr. Howe: I would suggest to my hon. friend that we have had bilateral agreements in bacon and eggs for several years—and for several years we have not lived up to our part of it.

Mr. Wright: We did not have a bilateral agreement; that was the trouble. What were we taking back from Great Britain? If we had been taking back goods from Britain we could have been exporting to Britain.

Mr. Howe: We had a bilateral agreement in which we agreed to exchange bacon and eggs for money. The money was forthcoming, but the bacon and eggs were not.

Mr. Wright: And why were they not? They were not because we never had any agricultural policy in this country under which the farmers had known for more than one year at a time what they were going to have to

produce. I am certain that if we had had contracts for a period of four or five or six years, with any feeling of security, on the part of those engaged in agriculture in this country, they would have produced the goods to meet that market. When they were told during the war that they would have a market at such and such a price for their goods, they produced the goods in this country; and we can continue to produce them.

Agriculture does not wish to shut down shop. We want to continue in production. Every farmer is anxious to produce. He does not like to see his buildings lying idle when he has spent hundreds of thousands of dollars to create those buildings. He would like to see them filled.

Mr. Howe: Why does he not fill them?

Mr. Wright: But so long as he has not the assurance of markets he is not going to produce. He is not just foolishly going to produce in abundance, knowing that if he does he will get no price for the thing he produces. That is what happened in the past.

I have here an editorial taken from the *Rural Co-operator,* and it says, "Must we farmers march on Ottawa again?" That is the feeling in rural areas of Ontario with respect to the marketing of our agricultural products. They say in this article that we should be exchanging our goods with Great Britain, giving her an opportunity to ship to this country.

I believe it was the hon. member for Fraser Valley who only a few moments ago asked a question about the price of goods that could be shipped to this country. Well, British tractors are selling here today for $200 to $400 less than our own tractors produced in this country. Someone may say, "Well, why are they not being shipped here? Why are we not buying more of them?" But to establish a market for tractors or farm machinery in this country you have to build up an outlet for that machinery. You have to build agencies to supply repair parts. No company will come to this country and spend millions of dollars to establish those agencies unless they have some security for a number of years. They will not come unless this government is prepared to guarantee that they will be protected in this market and that they will have long-term agreements.

If we want long-term agreements we can get them in Great Britain. Make no mistake about that. But let us remember that, as regards our markets in the United States for agricultural products, they are not worth the snap of a finger. If tomorrow the United States were to adopt the Brannan plan with respect to floor prices under agricultural products, what would happen to us in Canada? Under the Brannan plan they propose to guarantee prices to their farmers according to the average price in the ten-year period from 1938 to 1948. Then they would put their agricultural products on the market and sell them at whatever they would bring. Our agricultural products going to the United States would sell, not at the floor price guaranteed to the American farmer, but at the competitive price at which those articles would sell on the American market. It would knock the bottom right out of the market in this country for agricultural products so quickly that we would be back to where we were in the thirties, and we would be back there inside of three or four years.

Those are the problems facing agriculture in this country. It is all right for the minister to get up and say that we have no problem, that they are not only Canada's problems, but that they are world problems. That is not good enough. It is not enough to say that because they are world problems we cannot do anything about them. That is what we said in the thirties. We said they were world problems and that we could not do anything about them. The result was that we went through ten years in which we sat here and starved in the midst of plenty, and the world starved.

This is just plain common sense. We have to meet our own problems. We cannot wait for the rest of the world to solve our problems for us. Our country must do something for itself. The Minister of Trade and Commerce has the ability; he is familiar with these problems. But I do not think he is justified in getting up and giving us such an optimistic story when he knows that conditions are serious, and that world trade today is in a serious condition. The minister knows that.

Mr. Howe: My hon. friend reads too many newspapers.

Mr. Wright: Well, perhaps I do read too many newspapers. Perhaps that is the only way the people of Canada can get their information—through the newspapers. And if we are wrong, then it is the press of this country, the minister says, that is to blame for the feeling of doubt in people's minds as to whether there are markets for all the agricultural products we can produce in the next few years.

He says we have a market for wheat. Yes, we have a market for wheat as long as the British agreement lasts and ECA funds last. When the world agreement comes into effect in 1950 and we have to sell our wheat to Europe and other countries for dollars, where are they going to get those dollars? They will be available only if by that time we are

buying sufficient of the goods they produce to supply them with dollars. Either that, or we shall have to make credits available to them.

I do not think these problems can be solved by any one method; a variety of methods will have to be used. We shall have to work along every possible line in order to try to solve these problems and create trading facilities throughout the world. I think the hon. member for Acadia outlined some good ideas in the speech he just made with respect to credits. I do not pretend to be a financial expert, but I do know something about conditions and I do know that in the world today there is a need of trade. I am sure the minister will agree with that.

We will not get that trade by being optimistic, by sitting down and saying that everything is lovely. The only way we will get it is by working at it. I think the minister would be doing a service to the country if he told us what was being done in an effort to solve the problems that face the world today so that those people who might be depressed will have a better idea of things as they exist and not just accept everything as being lovely. There is an old saying that everything is lovely and the goose hangs high. Unfortunately the farmers of Canada have been the goose and have been hanging high for too long and something will have to be done about it.

Mr. Charlton: Mr. Chairman, the seriousness of the problem facing agriculture is almost beyond description. Back in the days of 1937 and 1938 we had just arrived at the position where we had a fairly decent market in Great Britain. As previous speakers have said, we had graded our products to the high standard that we thought the British people wanted. We were getting that business up to the point where we thought we were doing a good job.

When the war occurred everybody across the country thought that prices were going to go up, because that is what had happened in the previous war. The farmers prepared themselves to increase production, granted with some idea of making a little more money, but mainly to be patriotic and supply the food needed by our soldiers and by Great Britain. The farmers of this country were proud and happy to do that.

But what happened in 1941? At that time the government brought in its price control policy before farm prices had had a chance to rise to a level comparable with the rest of the economy. The prices of agricultural products were frozen at a low level. It was then found that in order to get production up to the point where we could supply a certain amount of food to Great Britain subsidies would have to be paid. Subsidies were necessary in order to encourage the production of more food in order to supply the hungry nations of the world. Production was increased accordingly to a point higher than it had ever been in the history of this country. Farmers were working with half the help they had before and producing twice the quantities of food. That just shows what can be done in this great nation when our farmers are encouraged to do it.

Then what happened? In 1946 and 1947 the subsidies were taken off, and the farmers were blamed for the increases that occurred in the prices of food. The consumer thought he was being gypped. He had become used to low food prices during the period of price control and when the subsidies were taken off the farmers were blamed for the increases that occurred.

There was a complete lack of foresight on the part of the government in not making contracts for more than one year and in not signing them until November or December. The farmers did not know what they were going to receive for their products until November or December in the year previous to the contract year. Did that make for increased production? I contend that it certainly did not. All the farmers had before them as an incentive to produce was a big question mark. They were given no encouragement. They were not told until the last minute what they were going to get for their products and production began to decrease because of this uncertainty.

Then in addition the farmers were being followed to the abattoirs, to the elevators and to the creameries by the income tax officials to find out what they were getting. Many farmers in the west had not been used to doing too many chores. Production was increased during the war by farmers increasing their hours of labour, but the time came when they began to stop working overtime to look after their pigs and other animals because no consideration was given for the long hours they worked on their income tax. They said they were not going to do that when they did not know what they were going to get for their produce, and the result was lowered production.

That is the position our farmers have been in for the last four years. No encouragement

was given to them. They were told that if they would take less than world prices for their agricultural products during the war, which most of them were happy to do, they would be guaranteed the English market after the war was over. We were guaranteed that by the Minister of Agriculture and the Minister of Trade and Commerce. Actually those lower prices were paid in order to maintain the government's price control program. We took those lower prices on being promised that at the end of the war and following the war the contracts with England would be maintained at a reasonable level.

Mr. Murray (Cariboo): Have the farmers of Canada ever been as prosperous as they are at the present time in the whole history of Canada?

An hon. Member: What has that got to do with it?

Mr. Charlton: That is the same sort of question as was asked a few minutes ago when it was said that the farmers' income was higher than it had ever been in history. It was said that our exports are worth more in dollars than we have exported for years, but no mention has been made of the volume of exports. The value of goods today is practically three times what it was in those years. No wonder we are getting more money. But are we getting more net income? Of course not. There is a tremendous difference between gross and net income. It is more in gross income but the gross does not pay off the mortgage.

Mr. Murray (Cariboo): Then the hon. gentleman—

The Deputy Chairman: Order.

Mr. Charlton: You will have a chance to make your speech after I am finished.

Mr. Murray (Cariboo): I asked a question and I should like to get an answer.

Mr. Lennard: He does not have to answer.

The Deputy Chairman: It is up to the hon. member who has the floor to decide.

Mr. Charlton: What has happened as our production has gone down? England, in order to get enough food, was forced to make bilateral agreements with various other nations, even nations behind the iron curtain. She was forced to buy where she could sell her products. If we were able to supply England with as much bacon, for instance, as we supplied previous to the war, we would have maintained the bacon contract; but owing to the fact that the government did not have the foresight to look ahead a few years, instead of just considering the situation at the moment, our production was allowed to decrease to a point where we could not supply what they wanted. England had to go elsewhere to get her food. There has been some controversy about the word "top-heavy" being in front of the word "surplus". Whether or not a surplus is top-heavy, it is a surplus, and if there is a surplus in the country then it is bound to affect the domestic price.

Mr. Howe: A surplus of what? What have we surplus? I should like to know about it so that I can sell it.

Mr. Charlton: I ask the minister what these surpluses are.

Mr. Howe: You tell me what they are.

Mr. Charlton: I do not need to tell you. I think you should know.

Mr. Howe: I do not know of any.

Mr. Charlton: According to your own publications there are various surpluses, and I think probably it will be important to ask the Minister of Trade and Commerce the question which I intend to do later on. As I said, there are surpluses, whether or not the Minister of Trade and Commerce and the Minister of Agriculture think there are. The Minister of Trade and Commerce answered a question of mine the other day and said there were surpluses. Is he now going to say there are not?

Mr. Howe: I made a difference between surpluses over domestic requirements and unsold surpluses. I asked the hon. member which he meant, and I do not know yet. Perhaps he will tell me now. Which is it, a surplus over home requirements or unsold surpluses?

Mr. Charlton: What is your definition of a surplus?

Mr. Howe: There are two definitions of "surplus".

Mr. Charlton: What is your definition of a surplus?

Mr. Howe: I think my hon. friend is an artful dodger on that question.

Mr. Charlton: I am asking you that question. What is your definition of "surplus"?

Mr. Howe: My definition of an unsold surplus is a surplus that remains unsold. My definition of a surplus in excess of domestic requirements is something quite different. If

my hon. friend will tell us which surplus he is talking about, we can follow him. I cannot follow him at all. I have been trying to make sense out of his remarks up to this point, and I have failed totally.

Mr. Charlton: That is one man's opinion.

Mr. Howe: I think it is generally accepted.

Mr. Charlton: I do not care whether or not the surplus is unsold. It is a surplus. How long are you going to hold it? What about the surplus of skim milk powder you are holding? Is that not a surplus? Are there not surpluses of apples?

Mr. Howe: I do not know of any.

Mr. Charlton: Is there not a surplus of cheese?

Mr. Howe: No.

Mr. Charlton: Why did the government buy 14 million pounds?

Mr. Howe: The government bought it because we needed a little aged cheese to sell in markets that were accustomed to being furnished with it.

Mr. Charlton: Has that not been done previously?

Mr. Howe: Not for several years.

Mr. Charlton: Have we not sold aged cheese to Great Britain?

Mr. Howe: Not in the last several years. We sell it right out of the creamery.

Mr. Charlton: I think there has probably been quite a bit of aged cheese going to England in the last few years. I will say this much, that our cheese exports this year will be less than they have been at any time in the last fifty years, and a good deal less than they were in 1938 and 1939 just previous to the war. The same thing is true of bacon. I want to ask the minister a question now and I will be finished. I want to ask him to give us the export figures for various agricultural products in 1938 and 1939, and again in 1948 and 1949. I think the pre-war and post-war figures will provide a fair comparison. I think he will find in various instances the figures for 1948 and 1949 are less than they were in 1938 and 1939. I do not want dollar figures; I want volume figures. Until the government takes a much more serious attitude than apparently many members on the opposite side of the House of Commons took tonight, during a previous speech, when they apparently thought this was all very funny—

[Mr. Howe.]

Mr. McIlraith: It was not the problem we thought was funny; it was the speaker.

The Deputy Chairman: Order.

Mr. Charlton: There were humorous remarks and laughter from various places in the house; as a matter of fact I thought it was disgusting.

An hon. Member: Get a soapbox.

Mr. Charlton: I should like to have the minister give me the figures for the various agricultural products in the years 1938 and 1939, and particularly cheese and bacon, because they are two of the most important products, apart from wheat, that are exported to Great Britain. They are two of the products which we could export in sizable quantities to that country, especially cheese. The government has bought surpluses of some products and is holding them in storage, particularly powdered skim milk and butter.

Mr. Howe: We own no powdered skim milk.

Mr. Charlton: I did not hear what the minister said.

Mr. Howe: I said we have no powdered skim milk.

Mr. Charlton: Tell me how much powdered skim milk is being held in the country. You should have those figures.

Mr. Howe: I don't know.

Mr. Richard (Gloucester): What is this, a quiz?

Mr. Howe: Carried.

Mr. Charlton: The minister should have those figures.

Mr. Howe: My hon. friend is making the speech. Why does he not get the figures? They are a matter of record. I have not the record here. If my hon. friend wants to use the figures he knows where to get them.

Mr. Charlton: I have them upstairs.

Mr. Howe: Then why not use them?

Mr. Charlton: I think it would be well to have the minister put them on the record. That is why I ask for them. If he cannot give us those figures now, I think he should get them.

The Deputy Chairman: Order. Perhaps we should not carry on this discussion. The minister can consider the request of the hon. member and give an answer later.

Mr. Blackmore: It is regrettable that the large numbers of members who were here

not so very long ago shouting "why" and "what are you going to do about it", have all disappeared. We are now probably getting to the time when we might find out something to do about it. In the first place, in a general sort of way it looks like the sheerest kind of common sense, if there is an abundance of goods in the world and an abundance of productive capacity, that it ought to be possible to let everybody enjoy some of that abundance. There must be a solution somewhere if only the person rises who has the idea what to do, and if only the rest of us will have sense enough to listen to him. There must be a solution somewhere.

There is something we can do about it beyond what we have been doing up to the present time. That ought to be obvious, especially when you bear in mind that the United States, for example, is deliberately planning to limit production on so wide and systematic a scale in respect of so many commodities by actual limitation of acreage in the coming year. Bearing that in mind while there are at least a billion people in the world on the verge of starvation, one must be struck with the fantastic grotesqueness of the whole situation. That ought to make everyone in this house and in every other legislative assembly rather humble about the matter, so that at least they would be prepared to listen.

This debate, I think, has taken a rather unexpected turn. We have been debating something we hardly expected to discuss under this item, but I am rather glad. I was just telling my seatmate that all the things I came here prepared to prove have been acknowledged, and what we have done is to go on from there.

I think the first thing it would be well to spend a moment on is this question of why we in Canada now have shortages in agricultural production, about which the two previous speakers had a good deal to say. At the risk of repeating some of their statements may I give what I think is the reason.

In the first place during the war, in 1943 and 1944, my constituency was literally covered with hogs. The people of my constituency can produce hogs today just as well as they did in 1943; and they are just as willing to produce them now as they were then. Why is it that you can hardly find a herd of hogs from one end of my constituency to the other today, whereas it swarmed with hogs in 1943? I should like the hon. member for Fraser Valley and some of those other smart boys over there on the Liberal side to tell me why it is we do not find the hogs that we saw in 1943 and 1944. When they finish explaining that they will have the answers they were shouting for and laughing because they did not get. What was it that caused the hogs to be produced in 1943 and 1944? In the first place everyone was pretty certain there was going to be a tremendous demand for hogs for an indefinite number of years; they were reasonably sure of a market. Everyone was fairly certain that because of the war there would be a relative scarcity, and that prices would be reasonably good. The third point was that in 1943 and 1944 we had not learned that a government of the Dominion of Canada could be so unutterably stupid as to tax people for additional production. We actually had not had it forced upon our attention that you could get in charge of a country a group of men so completely lacking in intelligence as to do that very thing; so that if a man worked all day producing wheat, and spent two hours in the morning before going out to produce that wheat, in milking cows and taking care of chickens, and then spent two hours after his work producing wheat, to produce butter and eggs and hogs, the government would penalize him for performing that fine service. But we had that forced upon us by example after example, by stupid ministers of finance and national revenue standing up in this house year after year defending that sort of procedure and being rather proud of it.

Well, in those days we Social Crediters told them just what they were going to get; and they got it.

They finally convinced the people there was not a bit of use working overtime to milk twelve or fourteen cows; that all they would be doing was producing butter for Ilsley, or for Abbott, or for whoever happened to be finance minister in charge. Human nature is just about the same in this country as in England or the United States. No man is going to wear himself right out producing extra goods if he gets nothing in return.

By the way, I am only too happy to answer questions if I can hear them, but I would ask hon. members not to be so cowardly as to mutter them just loud enough so they can be heard by *Hansard* but not loud enough so I can hear and answer them.

Mr. Howe: I had not asked the hon. member a question, but I shall do so now. Were the farmers very much bothered with income tax back in the early thirties?

Mr. Blackmore: We did not have income tax in the early thirties. The trouble then

was that the more hogs and cattle you produced, the poorer you got. I will give the minister an actual example. My own family were in the business of producing beef and hogs. I grew up to that kind of thing; I am quite accustomed to it, and I know what it takes to make a little money. In 1932 one of my brothers came in and said, "We have sized up the whole situation as far as our year's work is concerned." At that time we had about 150 head of good cattle, pretty well bred Shorthorns. He went on to say, "We have made allowance for everything that goes into the production of cattle, and we are just $5 worse off for every cow we have on the range"; and all the cows had calves.

What was the reason for that? The reason then was that we were in a depression. We have not now got into a depression yet, but we are going to get into one if we keep on with the stupid practices in which we are engaging now. If that is done there will be a depression very soon; then we will have Liberals across the way asking, "Well, what caused it? What are you going to do about it?" Yet they will not listen when we try to tell them. That was why in 1930 people were not doing the very best that could have been done; but they were doing very well in my area, producing at a loss as long as they could stand it. I hope that answers the minister's question in that respect.

And now I come back to the question of why we are having shortages.

In the first place, we have had uncertain markets. In the second place, we have had uncertain prices. Then we have had an income tax structure that has penalized men for doing the things the country wanted them to do, that is, for producing hogs and milk and eggs and butter and all the other good things we needed. Those are the main reasons we now do not have the production.

We must recognize, of course, that we have had some bad years. This year, for example, we had crop failures over a considerable area of the prairie provinces. We lost tremendously in the production of wheat and in many other lines of agriculture; but taking the country from coast to coast in a broad sort of way, generally speaking we could have produced pretty well, if only we had not discouraged our producers by utterly lunatic systems of finance.

That is the first thing. Now I think I shall pass from that aspect of the question after saying only this: If the government of Canada wants production it must do the things that any person fourteen years of age, with common sense, would say should be done. That is, make it possible for a man to earn and keep a little money if he produces something extra. We have not had enough sense even to give a farmer an allowance for the work of his wife in milking cows, feeding chickens, and so on. We have not had enough sense even to make that provision under our income tax laws, so close have we come to the borderline of imbecility in following a financial course that is fantastic and incomprehensible.

Now I wish to turn to another aspect of the question. It has been well brought out in the quotations read by the hon. member for Acadia from the speech by the Minister of Agriculture at the FAO conference that the minister recognized that ours was a monetary problem. I wonder if the Minister of Trade and Commerce will recognize now that our problem is monetary. Will he recognize that our main problem is a monetary one, as his colleague the Minister of Agriculture said in speaking to the FAO conference? Will he recognize that the problem facing the world today is a dollar problem?

Mr. Howe: I will admit that the main obstacle to the kind of trading we would like to do is the inconvertibility of currency. Does that answer my hon. friend's question?

Mr. Blackmore: Very well; the convertibility of currency is a monetary problem, though fundamentally there are other considerations underlying it, such as the production and sale of goods and all that sort of thing. We need not go into those, though I believe I know them and could name them without trouble. The first thing for us to recognize in approaching this problem of international distribution, getting the goods that we can produce in such abundance on this continent into the hands of people on other continents who cannot produce abundantly, is that the fundamental problem is one of money.

Now then, what can we do about money? Where are we going to get the dollars? In order to point up the need for money, let us turn for a moment or two to what Canada did for Great Britain during the war. I am quoting figures which I believe are correct, because they appeared in the report of the Canadian Press from London dated November 26, giving the details of Sir Stafford Cripps' speech. In 1942, he says that Canada gave Great Britain a billion dollar gift. If we could give Great Britain a billion dollar gift during the war, why can we not give

her a billion dollars to help win the peace? We shall let any Liberal man who thinks he can answer that question think about it tonight, and answer it tomorrow. If we could give Great Britain a billion dollar gift during the war to help her buy our goods, is there any reason why we cannot give her a billion dollars today? If a billion dollar gift helped solve the problem of getting rid of our surplus goods during the war, then it is conceivable it would help to get rid of our surplus today.

In 1943 Sir Stafford Cripps says Canada gave Great Britain a $700 million interest-free loan, together with Canadian supplies valued at more than $2 billion. Then, after the war, we gave Great Britain a credit of $1,250 million. That is what we were doing to help Great Britain buy the goods we could produce during the war. Why is it that we have decided, now that peace is here, we cannot do anything like that? I invite every Liberal in this house to be ready to answer that question tomorrow. Why is it we have the idea we cannot advance loans like that to Great Britain any longer? We could do it when we were under the stress of war. It is a question that needs serious thought, and a serious answer.

If that was the way to solve the problem in war, then it is probably the way to solve the problem in peace. Immediately a question will be raised as to where all the dollars will come from. I do not want to become involved in a lengthy discussion, but before I make my next statement, I should like to say that the world is up against a crisis. The minister can be as optimistic as he wishes in the house—I do not blame him for being optimistic before the country. May I say that I have the highest regard for the minister. If there is any man in Canada who should be given the greatest measure of appreciation and gratitude, it is the Minister of Trade and Commerce. While I am on this little aside, I may say that if the Conservative members of this house want me to respect them, they will have to stop making insinuating and sneering comments against the Minister of Trade and Commerce. This man has done too many great things for this nation to have anyone make insinuations or slurs against him. I may say that anyone who wants to debate that question can get on the floor and I shall deal with him.

Mr. Knowles: A little while ago you said he was stupid.

Mr. Blackmore: I am not saying that he was the one that was stupid; there are other people having to do with finance who just take the cake for stupidity at every turn they make.

While the minister can be optimistic just as much as he desires in the house, we should recognize that that is not the opinion held by people who are well-informed; who are not speaking politically or desiring to cheer up the country. I should like to refer hon. members to the interim commission of the international trade organization, reporting on the Geneva agreements on tariff and trade, signed in Geneva in 1947 by 23 nations. In a report called "Attack on trade barriers", it says:

> World trade is today facing a crisis of perhaps unprecedented gravity. Even now, four years after the end of the war, there is no sign of a restored equilibrium, and present indications point to a deepening of the unbalance and a sharpening of the issues involved.

Hon. members who are interested can get the *Christian Science Monitor* dated September 6, 1949, from the library and read that in an article entitled "Continued aid for Europe seen possibility until 1952". It is a Reuters dispatch from Geneva. I believe we can accept that as definite. Let us not try to put the picture in beautiful colours, but face the actual situation which confronts us. What are we going to do about this unbalance?

The only nations in the world who are in a position to do something about it are the "have" nations. Two of the greatest "have" nations in the world are Canada and the United States. I believe all hon. members will agree with me in that respect. If those two are the great "have" nations, then they have it within their power to do something about the dollar problem, while nations like Great Britain, Greece and Turkey are helpless to do anything really effective about it. It will rest upon us as an inescapable responsibility to do something about it. What are we going to do? Are we to sit here idly talking about our inability to take care of our own affairs, in a nation pouring out abundance, while letting less fortunate nations in the other parts of the world continue to suffer?

The Deputy Chairman: Order. It is eleven o'clock.

Mr. Blackmore: I shall continue from this point tomorrow, Mr. Chairman.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): The first item tomorrow will be third reading of Bill No. 195, the Surplus Crown Assets Act; the second item will be Bill No. 145, an act respecting the acquisition of the Temiscouata railway; third, the four small bills under the name of the Prime Minister, Bills Nos. 211, 212, 213 and 214, which relate to the setting up of the three new departments and appropriations for salaries. There is a small bill, No. 218, an act to amend the Veterans' Land Act, and then we will go into supply to take up the estimates of National Health and Welfare, the Post Office and Mines and Resources.

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

HOUSE OF COMMONS

Friday, December 2, 1949

The house met at eleven o'clock.

RAILWAYS, CANALS AND TELEGRAPH LINES

Fourth report of standing committee on railways, canals and telegraph lines.—Mr. Breithaupt.

TEMISCOUATA RAILWAY

BILL NO. 145 TO BE CONSIDERED IN COMMITTEE OF THE WHOLE THIS DAY

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, it was announced last night that after the third reading of Bill No. 195 the next order of business would be Bill No. 145, respecting the acquisition of the Temiscouata railway. I was under the impression yesterday that that bill had been reported from committee, but as a matter of fact it was reported only a moment ago. If the house will give unanimous consent, I move, seconded by the Minister of Mines and Resources (Mr. Gibson):

That Bill No. 145, an act respecting the acquisition of the Temiscouata railway, be considered in committee of the whole this day, and that standing order 21 be suspended in relation thereto.

Motion agreed to.

COLONIAL AIR LINES

CANADA-U.S. BILATERAL AIR AGREEMENT—ORDER OF AIR TRANSPORT BOARD

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, yesterday the hon. member for Vancouver-Quadra (Mr. Green), and again today the hon. member for Moose Jaw (Mr. Thatcher), have asked or given notice of questions concerning the position of the Canada-United States bilateral air agreement. There has been some discussion of it in the house and outside the house, and in view of its importance I feel that perhaps a statement should be made at this time.

The bilateral air agreement entered into between Canada and the United States in June of 1949 is a continuation of the original air agreement, with some changes. Among the new features three United States air carriers were granted traffic rights at Gander on the north Atlantic route and have been exercising those traffic rights under temporary permit pending action on their applications for regular foreign carrier licences from the air transport board. The applications of two of these carriers, Transworld Air Lines and American Overseas Air Lines, were approved by the board on December 1, and yesterday licences were signed accordingly. The application of the third carrier, Pan-American, has been approved in principle, and the licence will be signed on receipt of certain minor amendments which that carrier has indicated it is sending forward.

The United States government was also granted traffic rights at Edmonton on two routes, the first a transborder route from Montana, and the second a through route from the United States to the Orient. Applications have been received from Western Air Lines and from Northwest Air Lines respectively for licences for these routes. It is expected that these applications will be dealt with in the relatively near future.

On the Canadian side, in connection with the new routes granted to the Canadian government, the United States government has issued a permit to Canadian Pacific Air Lines for the exercise of traffic rights in Hawaii on its route to Australia. The Trans-Canada Air Lines application for traffic rights in Florida on its Caribbean route is now being heard by the United States authorities, and will, it is expected, be dealt with within the next few weeks.

On the third new route granted to Canada between Montreal and New York, Colonial Air Lines has opposed an application to the United States authorities for a permit and has succeeded in action in the United States courts which prevents the United States authorities from proceeding with a permit for Trans-Canada Air Lines.

That is what brought about the issue of the show-cause order which was given yesterday by the air transport board, and for which the hearing will be held on December 12. Colonial Air Lines will at that time be given full opportunity to indicate on what grounds it believes its permit from the air transport board for the service between Montreal and New York should be continued.

I should like to point out that this order of the board is one between the air transport board and Colonial Air Lines, related to the permit issued by the board. The actions or policy of the United States government are not involved, and the Canadian authorities are fully satisfied that the United States authorities have proceeded in good faith in

relation to the bilateral agreement between the two countries. It does not involve any question of intergovernmental relations in the field of civil aviation between Canada and the United States, which have always been on a close friendly and co-operative basis.

Mr. Thatcher: Did the minister say that permanent rights have been granted by Canada before the Americans carry out their part of the agreement?

Mr. Chevrier: Permanent rights were granted to the two companies I mentioned, Transworld and American Air Lines; and permanent rights have also been granted to Canadian Pacific Air Lines and, I am informed, are on the point of being granted to T.C.A. on its Caribbean route, so far as our rights are concerned.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. Donald M. Fleming (Eglinton): Can the Prime Minister indicate to the house what will be the agenda for the forthcoming dominion-provincial conference in January?

Right Hon. L. S. St. Laurent (Prime Minister): There has been no agenda prepared. The purpose of the invitations sent to the premiers of the provinces was to meet with us to discuss the possibility of agreeing on a satisfactory method of amendment in Canada by Canadian authorities of such parts of the constitution as cannot be amended by the provincial legislatures or by the dominion parliament alone.

DOUKHOBORS

UNLAWFUL ACTS IN BRITISH COLUMBIA—QUESTION AS TO FEDERAL ASSISTANCE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I should like to direct a question to the Minister of Justice, based upon a telegram I have received from the officers of the railway labour organization at Nelson, to the effect that the Canadian Pacific Railway Company is being notified that until such time as suitable steps are taken to ensure the safety of men engaged in the operation of trains under threat of Doukhobor bombing—

Mr. Speaker: I do not think the hon. member should read the telegram; he should ask his question.

Mr. Herridge: In view of the situation that exists in that area at this time, can the minister assure the house that the federal government will extend all possible co-operation to the provincial government for the protection of these railway workers and other citizens?

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I think that in order to convey a correct impression to the house I should give an answer which is perhaps a little longer than is usual in these cases.

The constitutional responsibility for the enforcement of law and order in any province is entirely that of the provincial government. This responsibility has always been recognized by the provinces. It was so recognized by the province of Saskatchewan when dealing with the unlawful actions of Doukhobors in that province.

We have been at all times and are now desirous of co-operating in any way we can, so long as it is distinctly understood by everyone concerned that in doing so we are not assuming responsibility where we have no power. We do not want to be placed in any such position. We are extending our co-operation purely as a result of a desire on our part to be as helpful as we possibly can to the British Columbia government and to Canadian citizens in British Columbia.

Early in the present year we sent to British Columbia, at the request of the attorney general of that province, some twenty members of the Royal Canadian Mounted Police to deal with the situation existing there at that time.

With regard to these latest atrocities in British Columbia, we have been asked by the attorney general of British Columbia, and latterly by the premier of that province, to co-operate. We have done so, and we appointed former Deputy Commissioner Meade, of the Royal Canadian Mounted Police, who is now on superannuation but who knows more about this problem than any other man in the force, to confer with Commissioner Shirras, of the British Columbia provincial police, as to the further steps that might be taken to meet the situation outlined in the hon. member's question.

CITY OF OTTAWA

SUGGESTED CONSTRUCTION OF SHELTERS AT BUS STOPS

On the orders of the day:

Mr. T. L. Church (Broadview): I should like to ask the Minister of Public Works what action will be taken in connection with the question I asked the other day about the construction of shelters at bus stops in Ottawa.

Hon. Alphonse Fournier (Minister of Public Works): The hon. member asked if the department or the government had written

to the city of Ottawa about the building of shelters at bus terminals, and according to our files the answer had to be no. That was the only answer I could give, because I did not want to leave the impression that we had communicated with the city.

I am informed that this is a matter under the authority of the city of Ottawa, not the federal government. We are ready to co-operate in the putting up of these shelters, but I could not commit the government to do things in Ottawa which do not come under our jurisdiction.

Mr. Church: I suggested that you forward my question to the civic authorities and the Ottawa Transportation Commission.

SURPLUS CROWN ASSETS ACT

AMENDMENT TO PROVIDE FOR DISPOSAL OF SURPLUS CROWN ASSETS BY CROWN ASSETS DISPOSAL CORPORATION

Right Hon. C. D. Howe (Minister of Trade and Commerce) moved the third reading of Bill No. 195, to amend the Surplus Crown Assets Act.

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

TEMISCOUATA RAILWAY

PROVISION FOR PURCHASE BY GOVERNMENT OF CANADA

Hon. Lionel Chevrier (Minister of Transport) moved that the house go into committee on Bill No. 145, respecting the acquisition of the Temiscouata railway.

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

Sections 1 and 2 agreed to.

Bill reported, read the third time and passed.

RESOURCES AND DEVELOPMENT

CREATION OF NEW DEPARTMENT—TRANSFER OF STAFF FROM MINES AND RESOURCES OR RECONSTRUCTION AND SUPPLY

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 211, respecting the Department of Resources and Development.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, there is one matter in relation to this bill which it may be difficult to deal with under a strict interpretation of the rules, because it involves a reference to another bill. I ask your indulgence, sir, that I may point out what appears to me to be a limiting aspect of this measure, the purpose of which is to set up a Department of Resources and Development.

The bill defines the duties and powers of the minister, and the scope of the activities of the department. Sections 5 and 6 prescribe the broad application of the act. Section 5 relates to the development of forest resources, irrigation projects, national parks, the archaeology, ethnology and fauna and flora of Canada, as well as tourist information and services, housing and the trans-Canada highway. Section 6 provides that the minister shall have the control and management of the Northwest Territories and the Yukon Territory, and of crown lands.

There is a similar bill to create a Department of Mines and Technical Surveys. Already something has been said about the setting up of additional departments, and it was argued on the resolution stage that it is not desirable to increase departments simply for the purpose of finding a place for another minister. It is not sufficient to let the matter stand there, because if another department and another minister are needed for the business of Canada, then all members should certainly support a bill which is put forward for that purpose. I suggest that the creation of these two departments is likely to lead to a certain measure of inefficiency and wholly unnecessary duplication, as well as a loss of effort, which is the best possible reason for considering the advisability of the functions of the two departments being incorporated in the department which might then be properly called the Department of Resources and Development.

After all, mines, and technical surveys of our mining or other areas, definitely have to do with our resources, and most important resources. There is no sound reason for separating mining from the Department of Resources and Development, which is to have incorporated in its title the appropriate word "development", because many of the functions of the officials and civil servants attached to the two departments must necessarily be carried out in the same area and be based upon the same type of knowledge. Officials and civil servants who are called upon to go into the Northwest Territories, into the northern areas of Canada from one end of the country to the other, or into the forest and lake areas where mines are found and where technical surveys will be carried out, will be covering precisely the same ground. I submit that the creation of these two departments, instead of being a move toward efficiency, is a definite move towards duplication and is a waste of effort.

Resources and Development

My comments would not have the same validity if the government were charged with the responsibility for the development of resources; but it is not. It has a broad supervisory relationship to all resources, whether they be mines, forests or anything else. Under our constitution as it stands today, and as I believe it will continue to stand, the development of resources is exclusively a provincial responsibility. Over the years most important work from a technical point of view has been done in connection with mining, forestry and other resources by federal government officials, and it has been of great assistance to the provincial departments in carrying out their responsibilities. There is every reason why a province charged with the responsibility of developing mines needs a department dealing exclusively with that activity, because they need field men, men with highly skilled background, who are able to assist in the development of the mines of their own areas.

In the case of forests the provinces, having exclusive responsibility for the actual development thereof, must have separate departments to deal with an undertaking so large in scope. Over the years they have built up highly skilled staffs which deal efficiently with these problems. One of the things we should be on guard against is the setting up of departments which bit by bit, human nature being what it is, will seek to acquire responsibilities which only create unnecessary duplication, not only between provincial and dominion departments, but also between departments of the dominion government itself.

I submit there is not a single activity in the two bills setting up the Department of Resources and Development and the Department of Mines and Technical Surveys which could not be handled much more efficiently by one minister, who could make full use of his staff so that trained men going down the Mackenzie, to the Hudson bay area, Ungava or any other part of the Canadian northland, would be able to carry out the duties that involve co-operation with provincial authorities without the necessity of another man being sent back to cover precisely the same ground hundreds and in some cases thousands of miles from the office in Ottawa.

Let us see exactly what the function of the dominion government is as to mines. So far as the dominion government is concerned, the most important thing is what it does not do, rather than what it does. It is infinitely more important that the dominion government avoid any limitation of mining development by unbalanced or excessive taxation which has no regard for the fact that mineral resources are a wasting asset. It is much more important that there be no restrictions on the free market for mineral products, that there be no control which limits this highly speculative and challenging type of development, than it is to set up a new group of officials who will find new reasons for making it more difficult to carry out this adventurous but extremely important task. The duties properly related to the department of mines are such that they can be successfully carried out by a minister who is dealing with the whole broad picture of resources in Canada.

Surely we must look at this matter from the practical point of view. A minister is charged with responsibility; he has a deputy minister, his officials, his technical staff, and other employees. A minister of resources has before him a map showing all the rich resources of this vast country. How much better it is that one minister examine that map, so that if he is sending a group of individuals to some distant point, another minister in another department, who is looking at another map showing our resources, will not be sending another group to examine the same problems in the same area.

Every hon. member here will recall the broad outline of the report of that great statesman in the United States, Mr. Herbert Hoover, when he examined the governmental structure in the United States. Significantly enough, he was a well-known Republican and was appointed by a Democratic president to carry out this survey, because of his wide experience in the administrative problems of government. This commission under Mr. Hoover found almost incredible duplications of service. His report is filled with the record of officials going out to do similar jobs in the same areas. It indicated the possibility of saving, not millions but billions, in the over-all administration of the United States government. We have before us the kind of thing in respect to which a commission, or a committee of this house, examining the administration a year or five years from now, would say: These two departments never should have been separated. Any commission examining this from the point of view of administrative efficiency and simplicity would say that the department has not jurisdiction over the actual development of the resources. It has the responsibility of bringing together the federal government and the provinces in joint efforts in their common fields of interest. For example, in the case of highways, it has the responsibility of passing enabling legislation under which broad agreements can be reached in respect to activities that cross provincial boundaries. It would be said also that there was a measure

dealing with forest resources, under which the provinces could be brought together to co-operate in research, in forest protection, and in fire prevention.

I feel sure that any commission examining the structure of government a year or ten years from now would say that this is wrong from the point of view of administrative efficiency. I am not going to move an amendment, because the government must assume the responsibility for the definition of the administrative tasks that are to be performed. Unless the Prime Minister is convinced that the contention is sound, and that he should act upon it, no amendment will produce any further result than the argument that is put forward. This is not a case in which an amendment should be proposed simply for the purpose of having the views of the members recorded, which is the usual purpose of an amendment when it is recognized that it cannot be sustained.

In all earnestness, I urge that these bills be allowed to stand. The bill now before us should be amended by incorporating in it the powers included in the act respecting the Department of Mines and Technical Surveys. The addition of one or two sections to this bill will give to this proposed new department the wide supervision of all resources that the name, mines and technical surveys, includes. We would then have one businesslike, efficient department under a minister who could have charge of the resources of this country; and, with the imagination of a man with feeling for Canada, he would be able to make the most effective use of the civil servants working under him. If this is not done, let us all recognize the fact that the two departments will continue to increase in numbers and in the extent of their authority. From time to time groups of people from these two departments will be meeting at Aklavik or at the head of Hamilton inlet and one will say to the other: Well, boys, we did not know you were here; what a lucky chance that we have met! They will ask each other what they are doing, and they will find they are each doing precisely the same thing.

I urge upon the Prime Minister, Mr. Speaker, that he realize what any commission would do if it examined this measure. Let us deal with this now instead of at some later time.

Mr. T. L. Church (Broadview): I wish to call the attention of the minister to the duties, powers, and functions provided for in this bill. It is the most important bill we have had before parliament for some time. So far as the parliament of Canada is concerned, its jurisdiction is found in these various subsections to which reference has been made.

There is no doubt that in this country we have the greatest natural resources of any country in the world, and they are much coveted by others. The wealth of our forest resources is untold. Future generations will criticize this parliament if immediate steps are not taken to preserve the heritage we have in the forests. I agree with the suggestions my leader has made in this connection. It is linked up with the tourist trade. Many forest fires are caused by careless people. We should realize that these fires are destroying the by-products of wood and interfering with employment. The minister is right in utilizing paratroopers in fighting forest fires.

Speaking of irrigation and the development of water power, since I first entered this house I have always contended that Canada should have a national policy in this regard. We are one of the richest countries in the world in potential hydroelectric power. It is estimated that 45 million horsepower is available, and only about one-seventh of it has been developed, part of which is only seasonal. For many years we have been hearing about irrigation projects. I am sorry to say that little has been done in that regard, on either the prairies or in other parts of Canada. The development of irrigation is only in its infancy.

For many years I have suggested that there should be a national park in Ontario, linking up the crown property on the Ottawa river, the Rideau lakes, the St. Lawrence river, the Trent canal to the Severn river, around Muskoka, and the lake of Bays, the Parry Sound district and Georgian bay, up to the Maganatawan river, and through new Ontario to the head of the lakes. These are all properties held by the crown in the right of the dominion or the right of the province. There is no reason why Ontario should not get a share of these parks. At the moment there is a small park near the St. Lawrence, and another up on Pelee island; but there is really no national park in Ontario. This results in the loss of a great deal of the tourist trade. I believe the time has come when, without expense to the country, we could link up the crown properties I have suggested around the great lakes and inland waterways of the province of Ontario. A hotel system could be developed along with it, and Canada could be made something like Switzerland. There would be winter sports and all that sort of thing. It would mean a great deal of business, in winter and summer alike, to the people in this country.

Mention has been made of tourist information and services. We have received only a small part of the wealth which we should receive from a proper development of the tourist trade and kindred services. For a great many years this country has not received proper advertising along those lines.

In connection with housing, I am sorry there is no cheap land in Toronto. There used to be a Toronto district including Peel, Ontario, and York counties. Land was available at $6 per foot within the city limits, and now it is as high as $65 a foot. There is not even land available for people to build houses under the Central Mortgage and Housing Corporation schemes. There is no steam suburban service such as Montreal has. I shall not go into that in detail this morning, but it is not a luxury; it is an economic necessity. When you find there is only one train a day out of some of those places in York county, and without commutation service, then it is another matter. Western Ontario, and especially the Niagara district, is suffering untold loss owing to the choked and cramped railway facilities available. We seem to be spending a great deal of money on our United States affiliation of the Canadian National, but not within Canada.

I shall not refer to the trans-Canada highway bill this morning, but I believe it will have to be read in conjunction with this particular bill. The other morning I was glad to hear the minister say that as pioneers in the good roads movement the provinces and municipalities which have gone ahead with this work will be recompensed.

I commend to the house the general principle of this bill. We have a great asset in our natural resources, and with the duties, powers and functions the minister now has, we should be able to start to develop them.

Mr. J. A. Bradette (Cochrane): I should like to say a few words with respect to the remarks made by the leader of the opposition (Mr. Drew). His objection to this bill is based upon what might be called the overlapping of departmental activities as between the federal and provincial governments. So far as my own section of the country is concerned, which is highly mineralized, the people are satisfied with the government policy implied in this bill. I believe the same thing can be said of the mine owners. There is no doubt that in a federated state one must look for some amount of overlapping. No one would say that because we have a minister of agriculture in each of the provinces, the Department of Agriculture at Ottawa should be abolished. The same thing applies to mining.

[Mr. Church.]

I do not believe the leader of the opposition would say that there has been overlapping between the central government and the province of Ontario so far as mining is concerned. There is no doubt that the national research bureau, as well as other departments of the government—

Mr. Drew: I do not want to interrupt the hon. gentleman, but, to keep the record straight, I most emphatically state that there has been duplication.

Mr. Bradette: No doubt there has been, but that is something we must expect in a federated state. No one would say that because there is some duplication in a provincial department, the federal department should be abolished; that is the point I am making. I was going to say that even the department of mines in Toronto—and I know whereof I speak—has benefited from research that has been undertaken by the central government; and this applies to several other activities. The same applies to forestry. It is true that the Northwest Territories have not the forest resources that we have in Ontario, but there is no doubt that the department of forestry has developed information which is useful in all parts of Canada.

I know something about the necessity for setting up this department, and I can say that it is a step in the right direction. The mining interests in Canada are satisfied with the proposal that has been put forward. I have not the time to present the briefs and recommendations that have been placed before me during the last ten years, urging the federal government to establish a special department for mining on account of its great importance in our economy. The leader of the opposition stated the position correctly when he said there was a mutual interest in the federal and provincial aspects of mining.

A few years ago, when the Canadian dollar was brought to parity, there was an immediate request from the gold mine owners who were primarily interested. I received dozens of telegrams and telephone calls stating that the action of the government would harm the production of gold in Canada, and that some remedial measures should be taken. The department of mining is a necessary department, and a proper one for the federal government to administer. In common with the leader of the opposition, I do not believe in extravagance. Surely we do not need a Hoover commission in Canada; our situation is not comparable with that which prevails in the United States. There may be some departments that are overstaffed, but, so far as I am aware, there are very few of them. I believe there is a method of liaison among all these departments and the provincial

departments. For instance, there is the Department of Justice and the Department of the Secretary of State. They fulfil a purpose which has to do with the application of justice in Canada. But who will say there is overlapping in these departments?

I am voicing the sentiment of my section of Ontario when I say that I am entirely in agreement with the formation of the three new departments. Here and now I want to compliment this administration upon forming the Department of Mines and Technical Surveys. They will have their hands full if they want to look after the northern part of our country and the mining interests of Canada as a whole. The activities which will be undertaken in the future by these new departments will undoubtedly prove to be of great benefit in the development of our natural resources on a national scale.

Mr. G. M. Murray (Cariboo): On behalf of the people of northern British Columbia, Mr. Speaker, may I say that this new department will be perfectly welcome. In the north, and particularly in the Northwest Territories, there is great need for such a department as this. I have been down to Aklavik and, as the leader of the opposition (Mr. Drew) has said, others may go there. It is amazing that in the Northwest Territories there should be such an abundance of natural wealth of which there is no record at the present time, here or elsewhere.

The hon. member for Cochrane (Mr. Bradette) says that the province of Ontario has more timber wealth than the Northwest Territories. That is a doubtful statement.

Mr. Bradette: I did not say that. I said that we had great natural forest wealth.

Mr. Murray (Cariboo): I beg the hon. member's pardon; I thought he had made the definite statement. There is vast timber wealth in the Liard, Mackenzie and Yukon river areas, timber limits that have never been surveyed or officially noted. Tremendous forest fires destroy much of that timber, and when one realizes that we have no department to look after those resources, one cannot help being concerned. It is true that we have civil servants whose work has to do with these matters, but we should have a department headed by a minister who would be responsible for this work. Think of all the gold and other metallic wealth which has been taken out of that part of Canada, the quantities of base metals that are known to exist—and many of these areas are mapped by the surveys and mapping bureau—and the great wealth of oil and petroleum at Norman Wells and elsewhere.

I have gone along the Mackenzie river and have seen the oil running out from the shores into the stream. I have seen a gas well up beyond Norman Wells which has been burning since Alexander Mackenzie passed through there in 1793. All these vast resources should be utilized.

The leader of the opposition objects to the creation of a mines department. Yet great progress and prosperity in the province of Ontario began with the development of new Ontario and the great mineral resources there, and the creation of a mines department in Ontario. The hon. gentleman has brought into the discussion the name of a former president of the United States. I am sure if Mr. Herbert Hoover were a Canadian and a member of this parliament, he would advocate the creation of a department of mines in Canada, because he is one of the most distinguished mining engineers alive today. I am therefore anxious to see this new department started.

Mr. Daniel McIvor (Fort William): Mr. Speaker, during our election campaign we emphasized the importance of the development of our natural resources. I venture to say that the bill now before us represents progress. The new minister may be in the house, and I suggest to him that north of the lakehead there is a large clay belt that is supposed to be rich in natural resources, especially oil. I compliment the Prime Minister (Mr. St. Laurent) on being progressive in this respect.

Mr. Drew: I wish, Mr. Speaker, to correct a possible misapprehension. I was not suggesting any limitation of activities in regard to mining; on the contrary, I emphasized their importance. What I was suggesting was that the mining activities and the mining development under a mining branch associated with one minister of resources would be more efficient than a separate department of this kind. I was emphasizing, rather than doing otherwise, the importance of the development of these great resources under a system that would be businesslike.

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think any of us misunderstood the leader of the opposition (Mr. Drew). I think we all understood that he was anxious, as are all of us in this house, to adopt the most efficient methods to promote the use of the great natural resources with which our country has been so bountifully blessed. As I see it, the only difference of view in this respect was that the leader of the opposition felt that this work might be more efficiently done under one department than under two departments. I thank the leader of the opposition for his constructive suggestions, and I thank the other hon. members who have participated in the debate. I think it has been shown that we are all

anxious to do that which will ensure the most efficient job in providing for the development and use of these resources.

I can assure the leader of the opposition that the matter of having these activities provided for by the two bills, No. 211, dealing with resources and development, and No. 212, dealing with mines and technical surveys, was carefully considered, and it was felt that it would be desirable to have two ministers responsible for those activities. One of them, the Minister of Resources and Development, would be principally concerned with the works and undertakings in process, whether for the federal government or in collaboration with the provincial governments. Many undertakings will require close collaboration between the federal and provincial authorities in order to bring about that measure of development which will be of benefit to the country as a whole. It was felt that all matters having to do with the physical works required to promote that development should be under one department, and that this would be quite enough to engage all its time and attention. It was felt that there should be another department which would be more in the nature of a service department, one which would be concerned with the making of scientific investigations which provide the data used sometimes by provincial administrations but oftener by individuals or groups of individuals who make them the foundation of their enterprises. This is the division that has been attempted in these two bills. The objective has been, on the one hand, the promotion of the physical works required to bring the resources into use, and, on the other, the scientific investigation which is necessary as a preparation for development work. In considering these bills hon. members will find that this is the line of demarcation that has been drawn.

The assistance of the Department of Mines and Resources has been sought for a number of years by those who have interested themselves in this highly speculative activity, as the leader of the opposition has described it, the results of which, however, have been of tremendous benefit to the Canadian economy. There has been pressure for a long time to have a department that would be specially concerned with the preparation of the basic information and data upon which the mining industry could rely when engaging in this highly speculative activity. There is no desire or attempt to invade the provincial field. However, all hon. members know that the services provided by the federal government with respect to surveys, assays and analyses have been of tremendous value in channeling properly these speculative activities, the results of which are of such benefit to us all.

I gave the approximate figures of the staffs in these two departments—something of the order of 2,000 to 3,000 in each; and I am sure the ministers and deputy ministers who will be charged with the responsibility of those departments will have, not overlapping jobs but full-time jobs, and that it will be in the public interest to have one of them specially concerned with pressing forward the works undertaken and the other concerned with the gathering of information and scientific data that will induce others to proceed with additional works of development.

It is in the interests of the development of these resources and their being brought into use for the improvement of the living conditions of all of us that these activities should be prosecuted with the greatest possible vigour and intensity. I hope it will appear reasonable to hon. members that there should be these two departments, the one pushing ahead works already undertaken, and the other preparing the field for vast new undertakings.

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

Sections 1 to 8 inclusive agreed to.

On section 9—*Department, minister and deputy minister substituted.*

Mr. Knowles: This section indicates that the new Minister of Resources and Development will carry out the functions of the various other ministers referred to in acts at present on the statute books. When the commission revising the statutes does its job, will it make the necessary changes so that we shall get rid of some of these complicated references, or shall we carry forward this sort of procedure indefinitely?

Mr. St. Laurent: There were references in the revised statutes of 1927 to legislation going back certainly as far as 1907, and perhaps farther. I should hope, for the convenience of all who might have to refer to the statutes, that the commission will find it possible to bring these together, to suggest the repeal of these old statutes and have in the new acts relating to the several departments of government something comprehensive that will indicate the whole of the functions and responsibilities with which they are charged, thus making it unnecessary to refer to more than one act for each department.

Mr. Knowles: I realize it is the work of the commission, but I am glad to have the Prime

Minister's statement in the matter. For example, only a few days ago we passed a measure concerning the trans-Canada highway, in which we gave certain rights and powers to the Minister of Mines and Resources. Today we are passing a bill to do away with the Minister of Mines and Resources as such. It is that sort of thing which I think might be tidied up.

Section agreed to.

Sections 10 and 11 agreed to.

On section 12—*Annual report.*

Mr. Knowles: This section states that the minister shall submit to parliament, within thirty days after the commencement of the first session of parliament in each year, a report showing the operations of the department during the year then last preceding. As the Prime Minister knows, a similar section appears in most acts of parliament. Certainly there is one like it in every act constituting a department. What happens if the minister fails to carry out this provision?

Mr. St. Laurent: As a matter of unavoidable necessity it has frequently happened that departmental reports have not been tabled within the required fifteen or thirty days. They are tabled just as soon as they can be obtained from the printer. I have never heard any complaint voiced in the house about tardiness in bringing down such reports. It frequently happens that, because of congestion in the government printing bureau, reports are not available for tabling at the times specified in the acts.

When these bills were being considered by the cabinet a note was made to have the revising commission consider all these departmental acts so that there may be a uniform section in each, and to have it read that the reports be tabled within a certain time, or as soon as they can be obtained from the king's printer.

Mr. Knowles: I am glad to hear the Prime Minister make that statement. All hon. members I am sure want to be generous, even to the members of the present Liberal government—although the Minister of Justice did not think we felt that way toward him in connection with another report. It seems to me, however, that we should not pass laws containing provisions, even as formal as this one, which it is thought will not be complied with. If law is law, it should be observed in all cases, and particularly by ministers of the crown. I hope this matter will be straightened out so that there will not be delays which certainly amount to failure to comply with the provisions of the law.

The Prime Minister has said that sometimes delay is the result of difficulty in obtaining printed documents from the king's printer. I would remind him that this year we had an example of delay on the part of the king's printer that did not interfere with compliance with the law on the part of the minister concerned. I refer to the public accounts and the report of the Auditor General. The law provides that, if parliament is sitting, the report must be laid on the table on October 31. On October 31 the Minister of Finance rose in his place and said that he did not have a printed copy of the report, but would table a typewritten copy. The report was thus made public, the press had access to it, and the law was observed. As a matter of fact, some of us did not get our copies until a few weeks later, but that did not mean that the law had not been carefully complied with by the Minister of Finance.

As the Prime Minister is probably aware, there have been four or five cases this session in which delays have occurred, and in not one case did the minister or the parliamentary assistant, when laying the report on the table, indicate that there was delay, explain it, or apologize for it. For instance, the report of the Department of Trade and Commerce for the year ended March 31, 1949, should have been tabled, according to section 7 of the Department of Trade and Commerce Act, on October 6; it was not tabled until November 23, seven weeks late. There was no explanation or apology.

Similarly the Canadian Maritime Commission Act provides that the report must be completed not later than June 30 and must be laid on the table within fifteen days after the opening of the next ensuing session of parliament. In other words, that report should have been tabled by September 30 of this year. It was not tabled until November 24, eight weeks late. Again nothing was said by way of apology or explanation. Something else having happened in this connection this year, which is very well known, it is natural that I should begin to wonder whether these requirements are being complied with; hence the discovery of the information I am now giving.

The reports of the auditors in connection with the Canadian Farm Loan Act and the Canadian Fisherman's Loan Act—I mention these two acts together, because the auditing is done at the same time—should have been tabled by September 30, according to the provisions of those two acts. They were not tabled until October 11, eleven days late.

In the case of the report of the Department of the Secretary of State, a much shorter

period of time is allowed by the act. It should have been tabled within ten days after the meeting of parliament, which meant not later than September 25. But it was not tabled until November 18, a delay of eight weeks. I realize that none of these delays was as serious as was the delay in the tabling of the McGregor report on the flour milling industry; nevertheless that is the law as it stands. I have all of these sections before me, but I have not taken the time to read them. In the four or five cases I have mentioned there has been a nonchalant disregard of the law by laying on the table of the house reports that were from eleven days to eight weeks late.

As I have said already, the Minister of Finance made it clear that the law could be complied with even when the king's printer has not produced the printed copy. I urge that more care should be taken to observe laws of this kind. The proposal which the Prime Minister has made as to uniform procedure should be acted upon. I would go one step further and say that even after that is done, if a minister finds it is impossible to comply with the law to the extent of presenting printed copies of the report in question, he should do what the Minister of Finance did. The Minister of Finance is not always a hero of mine, but in that case he kept the law. If a minister cannot keep the law, he should at least explain to the house what has happened, and I am sure that in such circumstances the house would be generous. Since we are making laws which we expect the people of Canada to observe, I think they should be observed by the government as well. Surely that is not asking too much.

Section agreed to.

Section 13 agreed to.

On the schedule.

Mr. Harris (Grey-Bruce): I intend to ask a minister to move an amendment to the schedule deleting the reference to two acts.

Mr. Fournier (Hull): I move:

That the following words be deleted from the schedule: "Dominion Forest Reserves and Parks Act, R.S. 1927, 78"; "Northwest Game Act, R.S. 1927, 141."

Mr. Harris (Grey-Bruce): The first act was repealed the other day by the Canada Forestry Act, and the second act was repealed during the 1947 session, but the repeal was not proclaimed until last year, and they got into the schedule in error.

Amendment agreed to.

Schedule as amended agreed to.

Bill reported.

[Mr. Knowles.]

Mr. St. Laurent moved the third reading of the bill.

Mr. Fournier (Hull): I should like to ask the unanimous consent of the house to third reading this day. I understand that standing order 73 provides that every bill shall receive three separate readings on different days, but perhaps at this stage of the session unanimous consent could be given, unless some hon. member has a speech to make on the third reading.

Mr. MacInnis: I suppose the same request will be made with regard to all these bills that are before us. I have no objection to this being done, provided it is not taken as a precedent and becomes a custom. My reading of history has convinced me that no majority was ever so large that it could be magnanimous. A minority always has to protect its rights.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, in view of the fact that motion for third reading has been made, a procedure to which I do not think hon. members will object, I should like to exercise my right to make a few comments in regard to one matter that came up in the course of discussion. I wish most emphatically to go on record as saying that I believe it is only a question of time before someone examining these two departments will come back with a recommendation that they be one department.

I should like to deal with the suggestion made by the hon. member for Cochrane (Mr. Bradette). I recognize that the hon. member is keenly interested in mining, as all of us are, whether we live in a mining constituency or not. The hon. member said he felt sure that if this was the United States, Mr. Herbert Hoover would be the first to suggest that there be a department of mines. I think the hon. member left the impression that there is a department of mines in Washington. There is not, and Mr. Hoover did not recommend that. On the contrary his recommendations all involved simplification of departments. Mining activities are under the department of the interior at Washington. That department embraces most of the subjects covered by the two bills now before us. For instance, the Department of the Interior at Washington covers mining, the bureau of land management—which is all land—Indian affairs, geological surveys, land reclamation, park services, fish and wildlife, and a number of other details, including technical surveys and matters of the kind which are embraced in these two bills. There are additions, but I only wish to emphasize now, because I am certain the matter will come up for discussion

again, that those who desire the efficient development of our mines would certainly wish to have it done in a way that will bring the greatest possible information to the public.

We are not dealing directly now with a department of mines. We are dealing with a measure which I suggest could have been amended to include mining activities. If we had done so we would have followed the practice that is followed in Washington. When I say that, I do not mean that we should follow the pattern of Washington. I raise the question because of my belief that the inquiry conducted into the administrative structure of their government was a most important one. It was at that point that the hon. member for Cochrane (Mr. Bradette), who is keenly interested in the whole subject, suggested that they would not think of not having a department of mines at Washington. They have not a separate department of mines, and for the very good reason, in my opinion, that the whole subject should be embraced under one ministerial head, with different branches dealing with the various subjects related to the resources of the whole country.

I intend to say nothing more, other than that the vote on third reading will be on division. I have urged that there be an amendment to the bill, purely for the purpose of seeking to produce the most efficient results. The Prime Minister (Mr. St. Laurent) has put forward reasons, which appear sound to him, why there should be separate departments. I simply wished to indicate why I feel it would be better if it were not done in this way, and also that in the United States they do not follow the practice of having a separate department.

Mr. Murray (Cariboo): May I say that the hon. member's knowledge of the geography of Canada is slightly confused, because I am the member for Cariboo. My people would be most disappointed if they thought I was representing Cochrane.

Mr. Drew: I was not referring to the hon. member for Cariboo, but to the hon. member for Cochrane. I understood he had spoken about the Hoover commission. If it was the hon. member for Cariboo, I wish to make it clear I knew he was the member for Cariboo, and I shall be glad to have that corrected.

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

Mr. Drew: On division.

Motion agreed to on division and bill read the third time and passed.

MINES AND TECHNICAL SURVEYS

CREATION OF NEW DEPARTMENT—TRANSFER OF STAFF FROM MINES AND RESOURCES OR RECONSTRUCTION AND SUPPLY

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 212, respecting the Department of Mines and Technical Surveys.

Mr. George A. Drew (Leader of the Opposition): I want to deal briefly with this bill, without repeating the remarks I have already made as to the consolidation of the two departments.

It must be remembered that the mines department of the dominion government deals with the broad problems of mining and information related thereto; it is not responsible for the direct development of the resources except to the extent that such information may contribute to the desired result.

Mr. St. Laurent: Perhaps the leader of the opposition (Mr. Drew) would add that it deals with such mines as may be in the Northwest Territories and the Yukon.

Mr. Drew: Yes, such mines as are outside of existing provincial areas, and there are some increasingly important mines in that region. Having said that, I want to emphasize the fact that the department in Ottawa has been the source of extremely useful information which has been the basis of discoveries of the utmost importance. The most romantic and dramatic story of discovery of mines in Canada was that concerning the finding of the Eldorado mine on Great Bear lake. Many people have forgotten, if they were ever aware of the fact, that the records in Ottawa played an extremely important part in the discovery of that mine. This may well be remembered in setting up the organization under the new terms of authority.

When those who intended to seek minerals in that area were about to set out on their expedition, they came to Ottawa to find out what they could about records of mineral possibilities in the Northwest Territories. They examined the original records of Samuel Hearne, who had covered the area in the eighteenth century when he was going through the Northwest Territories in the Great Bear lake region and on to the Arctic. He described evidence of rich minerals he had seen on the face of jutting rocks on the shore of a lake which at that time had no name, and which in fact did not appear on any map of Canada in anything approaching its actual shape until the early thirties. It was only then that any map existed which showed the actual shape of Great Bear lake, one of the largest bodies of fresh water in Canada.

From Hearne's description and the type of promontory outlined by him, they decided to look for the great promontory where he had recorded this rich outcrop so many years before. What was found was the very thing Hearne had discovered one hundred and seventy years earlier. The gossan that was seen from the aircraft led the prospectors to the very point that had been described, toward which they were first attracted by what they had seen in those early records available in Ottawa. From that discovery came not only a great and important mine, but also a substantial contribution toward the production of the atomic bomb in the last war. I mention this to re-emphasize the vast importance of detailed information. We have advanced a great distance from the time Hearne travelled those waters in a canoe to the point where another important mining area was discovered through the opportunity to examine air maps of northern Manitoba. The development of the rich mineral resources in the God's lake area came about through an examination of air maps of that district which showed promising indications of what have turned out to be very productive mines. There is an accumulation of information through the years that can be of immense importance in the development of those areas; and as surveys are carried out, as survey parties report their information, and as the various indications of mineral possibilities are brought back to Ottawa, I urge that all this information be indexed in the satisfactory way in which it has been done up to now, and also that something be done to encourage an interest in that information on the part of those who at some future time may find these resources a matter of practical interest.

I say this because I know that many people directly interested in the discovery of mines have never had occasion to think of searching these records for suggestions which may be contained in the information there available. With the new scientific developments that tell us so much about what lies beneath the surface of the earth, these records are becoming more useful; and I urge that in addition to carrying forward this work at an ever-accelerated rate from the point of view of information, every practical step be taken to encourage, in the minds of young people in the mining technical schools and the engineering branches of our universities, an appreciation of the vast storehouse of knowledge that already has been accumulated here and will be accumulated in the years to come.

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

[Mr. Drew.]

On section 1—*Short title.*

Mr. Knowles: Again I am looking for information. We in the opposition have not access to expert advice in order to get some of these answers; but just looking at this bill as a layman it seems to me to be in a different category from the one we passed a few moments ago. With respect to the department created under that bill, it seemed to me that while it has a new name, it is really one of the present departments being continued with added responsibilities, with the result that it is a substantial and responsible department. Under this bill, however, we seem to be taking things away from a department which has been under the direction of a minister. The Department of Mines and Resources has had to do with mines, immigration, Indian affairs and so on. Although this is a question, I shall put it in the form of a statement and hope to get the answer in one way or another. It seems to me that this department is being whittled down until it does not compare with the others in terms of responsibility. Can the Prime Minister or his assistant give us some idea of the amount of work in this department as compared with that in the department we set up a moment ago, or, indeed, as compared with that in the departments of the government as a whole? It seems to me that my leader, the hon. member for Rosetown-Biggar, made an apt suggestion the other day when he proposed that the whole government administration should be surveyed with a view to determining whether the work is being evenly and properly distributed.

Mr. Harris (Grey-Bruce): Without entering into a general discussion covering all the departments of government, let me indicate the difference between these two departments. The new Department of Mines and Technical Surveys will have about 1,800 employees during the winter season. It will be considerably larger during the summer months, when the survey parties are out. According to present estimates, the budget will amount to about $15 million, exclusive of the assistance given under the Emergency Gold Mining Assistance Act. Therefore I suggest to the hon. member that this is not a department which is being whittled down, but that it is a very substantial department. It will carry on all the functions of the mines and resources department, except those which are being transferred to resources and development.

Mr. Knowles: Then can the parliamentary assistant tell us how many employees the old Department of Mines and Resources had, and what was its annual budget? And could

he refer to one or two other departments, just for purposes of comparison? I would not ask him to do it for all the departments.

Mr. Harris (Grey-Bruce): The present Department of Mines and Resources has had as many as 7,200 employees in the summer. The number is considerably higher in the summer than it is in the winter. The new Department of Resources and Development will have about 2,700 employees during the winter, and its budget will run to about $26 million. The hon. member can see, therefore, the relative importance of the Department of Mines and Technical Surveys and the Department of Resources and Development. As to the other departments of government, I suggest that the hon. member look at the estimates. I have not the details before me at the moment.

Mr. Knowles: I think the parliamentary assistant made a mistake, of which I shall not take advantage; naturally I would not do a thing like that. He gave the lower figure for the new department, the figure for the winter, as 1,800. Then he gave the maximum figure, in the case of the old department, of 7,200. In fairness to himself and in fairness to the departments I think he should have given the other figure as well, so we could make a proper comparison. With regard to those figures, if we are taking a department that had 7,200 employees and cutting it down to a department with only 1,800, I think my phrase "whittling down" would not be inappropriate.

Mr. Harris (Grey-Bruce): But the hon. member has overlooked the number who will go into the Department of Resources and Development which is now being set up.

Mr. Knowles: But that does not answer my query, whether we are not leaving this one as a rather small department as compared with the others.

Mr. Harris (Grey-Bruce): The three bills before the house are somewhat comparable, both as to budget and as to number of employees. When we come to the next bill it will be found that the number of employees is 3,100, and the budget is about $19 million.

Mr. Gillis: I agree with what the leader of the opposition has said with respect to this department; I referred to this when the bills were introduced. Looking over the estimates one would almost think we were beginning to develop a system of technocracy in this country. From end to end of the estimates, in public works and every other department of government, it is engineers, engineers, engineers. I am wondering to what extent this Department of Mines and Technical Surveys will duplicate the work done in the provinces. Each province has a department of mines which has its engineers and geologists and is doing a practical job of work in connection with our resources. With all the engineers and geologists we have in the mines department in Ottawa, certainly we must be duplicating a great deal of the work done by the provinces. From the start I did not see that this was necessary. I believed it was necessary to unscramble the Department of Mines and Resources in order to find out what many of its branches were doing; but in my view the creation of another department, with another minister and a lot more engineers and so on, in order to duplicate a great deal of the work being carried on by the provinces, is quite unnecessary. This minister, whoever he may be, is going to have a pretty good job. I suggest to the Prime Minister that he should get this minister a whistle such as they have on peanut stands, so he can blow it occasionally and let us know he is around.

I have gone all through these estimates and had a look at the provisions for engineers and other technical men in our departments, and I think that handing over our resources to these people merely adds up to technocracy. I suppose, and hope, that the Department of Resources and Development will be presided over by an engineer, such as the present Minister of Reconstruction and Supply; and I think mines and technical surveys logically belong to that department. If that minister is to be in charge of the development of our resources he should have under his direction those working on the resources from a geological standpoint and otherwise. I cannot understand why they should be separated. My conception of this department always has been that it contains a group of experts who are pioneering, who are not duplicating the work done by the provinces but who have knowledge of our frontiers and are pushing them back, gathering information which the provincial departments are not gathering and making that information available to them. But I cannot visualize the department, as I have come to know it since I have been in Ottawa, carrying on that sort of work.

I agree with what was said by the leader of the opposition, in his emphatic way, that this department should come under the other one. It is unnecessary to create a new department. Some hon. member says that Hoover would tell us we should have a mines department. Well, we have ten mines departments in this country; and from my contact with that department in my own province I know it is doing an excellent job. There is

no information I may want with respect to the resources of that province that I cannot get there, without having to come to Ottawa for it. If I were looking for some information in connection with the Yukon, naturally I would come here. I believe it is a waste of time and money to create another department such as this. It should be handed over to the Minister of Resources and Development.

Mr. Applewhaite: I think it is my duty to the people of northern British Columbia whom I represent to support the move for a separate department of mines. Prior to the last war it was a common thing—I was going to say it was a popular pastime, but I do not want to be facetious—for organizations interested in mining to pass and send to Ottawa resolutions requesting this government to set up a department of mines under a minister who would have no other responsibility.

I would suggest to the opposition that the importance of the work a government department can do is not necessarily to be judged entirely by the number of employees it may have on its pay roll, but rather on the results it may achieve. Considering the fact that we have responsibility for geological surveys, and that mining is a matter of nation-wide concern, I think this department with its own minister is definitely justified. Where I shall be opposing the Prime Minister is when he endeavours, as I hope he will not, to saddle the minister of mines with several other departments. I can assure the house that if the federal department of mines does the job which it is expected to do, and which is there for it to do, the expenditure will be amply justified and the minister will be a busy man.

Mr. Herridge: For some years investigations on the Columbia river have been conducted by a joint engineering board, and a large number of technical surveys have been undertaken. Some of those surveys were undertaken by the Department of Mines and Resources and some by the Department of Public Works. Will the adoption of this legislation mean that in future all those surveys will come under the direction of the Department of Mines and Technical Surveys?

Mr. Harris (Grey-Bruce): If these bills pass, the investigations referred to by the hon. member will come under the direction of the Department of Resources and Development.

Mr. Knowles: Is the parliamentary assistant now in a position to complete the information he was giving me a short time ago? It seems to me that in fairness to all concerned he should not leave on the record the statement that the present Department of Mines and Resources has had 7,200 employees at the peak, in the summertime, whereas the new Department of Mines and Technical Surveys will have as its minimum number, in the wintertime, some 1,800. Is he not in a position to give us the minimum number of employees in the old department, as compared with the 1,800 in the new one?

Mr. Harris (Grey-Bruce): The minimum number of employees of the old departments in October was slightly over 7,500. They will be divided between the new departments approximately 3,100, 1,800 and 2,700, so they would add up to about the same figure.

Mr. Knowles: That does not answer my point.

Section agreed to.

Sections 2 to 5 inclusive agreed to.

On section 6—*Further duties.*

Mr. Drew: This section sets out broadly the duties of the minister in a number of fields, and contains one paragraph that I think should receive the attention of every hon. member who is interested in avoiding duplication, and in the efficiency of a number of public services that are now available. Under the words "the minister shall", paragraph 6 (d) says:

> . . . make such chemical, mechanical, metallurgical and other researches and investigations as are necessary or desirable to carry out the purposes and provisions of this act and particularly to aid the mining and metallurgical industry of Canada.

At an earlier point in the discussion of these two bills it was suggested that there is no duplication between dominion and provincial activities in these fields. There is great duplication. It is difficult to estimate how great the annual loss may be through unnecessary duplication and the blank spots which are left because of the fact that there is no effective co-ordination of our many research activities. Here in Ottawa there is the national research council, with its large buildings and its extensive facilities. In Toronto, for instance, there is the Ontario research foundation, which is associated with the provincial government and is carrying on research which is quite as extensive and which in some ways covers a wider field. There are also the research activities of our great universities across this country. There are important industrial, mining and forestry organizations with elaborate research establishments of their own. The duplication is great. I say that as a result of a report that I have read on the subject.

But what is equally serious is that, through lack of co-ordination of our research activities, much research which should be carried on is not being carried on at all. Quite as important as the avoidance of duplication of research in this or in any other field of public responsibility is the allocation of research

tasks which will make certain that everything is done that needs to be done. In adopting section 6 and bringing research in this particular field under the minister of mines, I would strongly urge that steps be taken to work out a procedure for the undertaking of research activity which has never at any time been carried out in this country.

Mr. Murray (Cariboo): May I draw attention to the work done by the university of British Columbia in research, inasmuch as the hon. gentleman has referred to the universities. I would point out that right across the country they do not duplicate but rather add a third service for the development of these great mineral resources. The university of British Columbia has carried on research and has turned out experts and technicians who today are largely responsible for the management of the mining industry in British Columbia. I will not mention the names of the various technicians, but they are the result of the training given in the university of British Columbia.

Mr. St. Laurent: May I say just a word in that connection. As the leader of the opposition knows, there already is a substantial measure of collaboration among the provincial departments, the universities and this branch of the present Department of Mines and Resources. From my own experience as a lawyer before I came here I know that concerns for which I was acting would go to the provincial department, to the universities in the province of Quebec or to the federal Department of Mines and Resources. It frequently happened that their experimental work was done here in the Department of Mines and Resources, but at their cost. On other occasions some of their technicians were allowed to come and use the facilities in the mining branch and to get the assistance of the officials in that branch in conducting assays.

I fully agree with the leader of the opposition that it will be one of the responsibilities of this department to see to it that there is available to everyone the fullest information as to where it would be most convenient for him to obtain the kind of services that will foster the development of the undertaking in which he is engaged.

Mr. Drew: I agree with what the Prime Minister has said about the availability of these services. The procedure he has mentioned of carrying out, in co-operation with mining or industrial organizations, research activities for which these organizations pay, is of great importance. I should prefer that there be no lack of recognition of the need for more effective co-ordination.

I may say that, in one particular case into which I was inquiring, I found that three distinct research groups were working on a problem related to one aspect of mining development within an area of about twenty square miles. I do not think there is any secret about it. One was being carried on by the Ontario research foundation, one by the university of Toronto, and one by an industrial organization, without any of them knowing that others were doing precisely the same thing in the same field. By consolidation of their activities they were able to effect great savings. That principle applies to the whole field. What has been said by the hon. member for Cariboo with regard to the university of British Columbia is abundantly true. Every one of our universities has done a great job. But in the field of pure research, the allocation of tasks by some co-operative body that is associated with all research activities could effect great savings and increase the beneficial results of research in this country.

Section agreed to.

Sections 7 to 12 inclusive agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Knowles: On the same understanding, yes.

Mr. St. Laurent moved the third reading of the bill.

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

At one o'clock the house took recess.

The house resumed at three o'clock.

CITIZENSHIP AND IMMIGRATION

CREATION OF NEW DEPARTMENT—TRANSFER OF STAFF FROM MINES AND RESOURCES AND SECRETARY OF STATE

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 213, respecting the Department of Citizenship and Immigration.

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

Some hon. Members: Carried.

Mr. Drew: Just a moment; I assume some explanation is to be given as to the general purpose of the bill, and I should think this

would be an excellent occasion for a brief summary of the government's policy at this time in regard to immigration.

Mr. St. Laurent: Mr. Speaker, the purpose of the bill is to set up a department which will be charged with citizenship, immigration and Indian affairs. The matter was discussed at the resolution stage. It was stated then, and I now repeat, that the object in all these activities is to make Canadian citizens of those who come here as immigrants, and to make Canadian citizens of as many as possible of the descendants of the original inhabitants of this country.

As hon. members are aware, the responsibility for immigration and Indian affairs was heretofore with the Department of Mines and Resources, and the activities with respect to citizenship were with the Department of the Secretary of State. During the war period and in the years immediately following, immigration into this country was quite restricted, and has been increasing from year to year. There is a probability that there will be an increasing number of persons admitted as immigrants into this country to share with us the advantages and responsibilities of developing the resources of Canada.

With respect to our residents of Indian descent, happily for the last several years there has been a change in the previous trend. That trend had been toward a diminution in numbers. This however has been reversed to a point where there is now an increase in the number of residents of Canada descended from the original inhabitants of this country. With the additional health services being provided for them, I believe that trend will become definite, and that we may look forward to a steady increase in the number of residents of Canada descended from the original inhabitants.

That being so I believe it would be the desire of all of us that everything possible be done to facilitate the development of a condition in which they might be expected to take their place in increasing numbers in our Canadian citizenship. All hon. members know of individual cases where descendants of the original residents have abandoned the protective provisions of the Indian Act and have become Canadian citizens. We know of the contribution they have made to Canadian national life.

I am sure it is the desire of all of us that everything within reason which can be done to further that movement should be realized. As hon. members know, there have been a great many requests for the setting up of a department which would deal with these human resources of the Canadian nation, and the sole responsibility of which would be the proper development of those human resources.

That is the purpose for which the government is suggesting to the house the establishment of a separate department to assume that responsibility and to discharge the functions required to bring about as expeditiously as possible the integration into the citizenship of this nation of as many as possible of those who come here as immigrants and of those who had resided here and who are descended from the original residents.

It is for that purpose that the establishment of the department is suggested. Then, as to the government's policy with respect to immigration, I do not know that I could add very much to what was said by the former prime minister in his statement to the house on May 1, 1947, which is to be found at page 2644 and following of *Hansard* for that session, and the statement I made to the house on March 11, 1949, concerning the modifications that had been made to the regulations in connection with the admission of immigrants.

A large number have been admitted to this country in the last couple of years. There have been a considerable number of those unfortunate persons who were in displaced persons camps in continental Europe. I think that, generally, they have fitted themselves into Canadian life without very much embarrassment to any of our Canadian people. It is my view that our experience in that respect has demonstrated that, while it was principally on humanitarian grounds that these people were admitted to our country, they will ultimately prove that the bread we cast upon the waters is returning to us.

Mr. Gordon Graydon (Peel): Mr. Speaker, I wish to say only a few words in the debate on second reading of this measure. I am wondering if the reasons for many of these changes in the matter of setting up additional governmental departments are not similar to those which I expressed when the resolutions were before the house last Saturday. I know the government and the Prime Minister (Mr. St. Laurent) are making strenuous efforts to establish a case for an extra minister of the crown, but I think it boils down to this, that the argument is for another minister more than it is for the necessity of an allocation of duties among the various departments. I should like to repeat what I said before. I think the government ought to have said to the house, "We want another cabinet minister and are taking this means to provide the extra portfolio." The arguments that have been offered have been

circuitous and in some cases not very sound in respect to the need for an extra portfolio such as is envisaged by this legislation.

I think most hon. members will admit that immigration has been a very important part of governmental work and I know many have felt that a deputy minister of immigration would perhaps be desirable and acceptable in view of the importance that branch has now assumed. At this point I should like to pay a tribute to the present director of immigration, Mr. Jolliffe, who has been identified with this branch for so many years and who in so many instances has exercised fairness and judgment and common sense in dealing with the problems of immigration. I think his attitude meets with the approval of most hon. members, regardless of what section of the house they occupy. Now that the new legislation is before us I do not think that I would object strenuously to the setting up of a really important department to deal with immigration with a proper deputy minister at its head.

However, this was not my main reason for rising at this time. I think this shuffling of the ministry so far as the allocation of work is concerned is wholly unjustified at this time, particularly with respect to citizenship. While I am in certain agreement with the Prime Minister about citizenship and immigration going together, still I do not like the idea of this branch of government being separated from the Secretary of State (Mr. Bradley). In saying what I intend to say I intend no reflection upon the Secretary of State, but the fact remains that in this shuffle the Secretary of State is having something taken away from his department when perhaps something should have been added. I would hope that this would be taken into consideration by the government in making any move.

The portfolio of the Secretary of State—there are some others I could name as well—does not entail the effort and labour that some of the other portfolios do. If we are going to have more portfolios, then I submit the government is in duty bound to consider whether the present allocation of work among the ministers of the crown is proper. I do not think it is, and I do not think parliament thinks it is. It would now appear that we are to have 22 ministers of the crown. Twenty-one would seem to be sufficient and perhaps might be considered too many. We have left the war and transitional periods behind and I fancy the public in general would like to see some retrenchment rather than expansion in the number of portfolios in the government.

I should like to have the Prime Minister's assurance that this shuffling about will not mean an additional cabinet minister. I think that is something the public would like to know and I ask the Prime Minister to give us that assurance before the debate concludes To me it seems to be merely a matter of having the work and services properly allocated and distributed among the available ministers of the crown. While this objection may not apply to the other two instances with the force that it applies to the present instance, I think that should be considered. There is perhaps much that can be said in favour of having these two branches of the government combined in one department, but if it is going to mean another minister I think that could be avoided by a proper allocation of the duties having to do with citizenship and immigration. I think that with the present members of the cabinet the Prime Minister will find that the work will be in good hands.

I should like to impress upon the government the great desire that some of us on this side have to see to it that the cabinet is kept within bounds so far as numbers are concerned. No doubt a great many representations have been made to the Prime Minister with regard to men who it is felt ought to be in the cabinet, but I suggest that with his large following he should steel himself against the idea of adding to the number of cabinet ministers. I should like that to be taken into consideration because I think it is out of joint with the times to add another cabinet minister, at least until those who are holding portfolios in the government find that their duties are such that they are overworked and have no available time to handle these extra departments. I repeat, I should like to have the assurance of the Prime Minister at some stage that this will be done.

Mr. Angus MacInnis (Vancouver East): Mr. Speaker, I do not know what the necessity was with regard to the other two departments that have been created by the legislation that preceded this bill, but I feel it is not only appropriate but desirable that immigration and citizenship should be in one department. I am glad that there is a bill before us for that purpose. I always found it to be a rather curious situation when writing about matters of immigration that I had to write to the Minister of Mines and Resources. It did not seem to me it was a very appropriate situation. Furthermore, and again expressing no opinion as to the necessity for any new department, I believe the Minister of Mines and Resources had too many different kinds of departments under him. I do not know if it would serve any useful purpose

to follow the hon. member for Peel (Mr. Graydon) in the reasons he gave for creating this new department. It occurred to me when he was speaking that it is easier to be strong when you have no pressure put upon you, and when you are not confronted with temptation either through pleas or anything else of that nature. The person who is free from temptation and pressure can indeed be strong, but whether or not he can take credit for that I do not know.

Mr. J. L. Gibson (Comox-Alberni): Mr. Speaker, I think all members of the house will be pleased with one particular feature of the bill. I refer to the fact that the Indian affairs branch is being given a somewhat larger place in the new department. I sincerely trust the new minister who is appointed to take charge of the department will give this great problem the attention which it merits. As the house knows, a special joint committee of the Senate and the House of Commons was set up in 1945 to examine the Indian Act. As a member of that committee I think I can say with fairness that some excellent recommendations were made to the government in the final report of the committee, and also that a good many changes were suggested in the Indian Act which up to this time have not been implemented.

I am not going to be entirely critical of the delay that has been occasioned by the study of the proposed legislation by the Department of Justice. I realize it is a far-reaching measure, and that a great deal of study and thought must be given to it. Nevertheless I sincerely trust that when the new minister takes charge of the new department he will take aggressive steps to see that the bill is taken out of the hands of the Department of Justice and brought forward to the House of Commons. I hope the next session of the house will see the revised Indian Act introduced.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, there is one feature of the bill which I should like to mention. I think the provision as to immigration is one which should be given careful examination when the department is being organized because we either have a policy in regard to immigration or we have not. If we have a definite policy it should be clearly understood, and the activities of the department should be carried on in relation to whatever the stated policy is. One of the greatest problems that face those who seek to come to this country through the immigration agencies now in operation is the difficulty of obtaining the various requirements to come here without a measure of assistance that is usually not available. If we are actually seeking to facilitate the entry of immigrants of a certain type to this country from different lands, then we should at the same time make it as easy as possible for these people to be able to carry out what they desire to do provided they meet our standards.

One of the biggest problems of the immigrant is to find out what he has to do in getting a passport, satisfying the medical requirements, exchanging his money, meeting the various conditions that must be met, and obtaining his transportation. In so far as there is set forth a clear policy that can be interpreted, and at the moment we have none, then it should be interpreted in practical results at the other end in a way that will assist those who are seeking to come here. There is no difficulty whatever about bringing together under one roof in every great centre through which immigrants will pass all the facilities that will make it possible for them to arrange to come here without having to go all over the place in a large city which they are perhaps visiting for the first time. This has been done, and although it is not being done today it can be done by our own department of immigration. The administration of every one of these various requirements can be brought into a single office so that immigrants can come in, pass their tests, be examined, and have that office provide everything for them, including transportation. That would then facilitate arrangements at this end for meeting them and helping them to find their new homes. I strongly urge that in setting up the new department these simple but necessary and effective provisions be made for those who are going to be permitted to come to this country.

Mr. St. Laurent: Mr. Speaker—

Mr. Speaker: If the Prime Minister speaks now he will close the debate.

Right Hon. L. S. St. Laurent (Prime Minister): I do not intend to say very much. I merely wish to state again that it is not easy to please everyone, and I should like to refer hon. members to the plea made by the hon. member for York West (Mr. Adamson) in 1947 for what is now being done. Hon. members will find his speech recorded in *Hansard* for July 11, 1947, at page 5430. The hon. member persisted in the same views and expressed them again in the house in the month of October, 1949, during this very session. Hon. members will find what he had to say in that respect at page 545 of *Hansard* of the 5th of October, 1949. I might read one or two paragraphs. He said:

I should like to refer briefly to our Department of Mines and Resources. In this department in Ottawa

we have some of the best mineralogists, engineers, geophysicists and geologists to be found anywhere in the world.

He was developing the idea he had expressed two years before in saying that the Department of Mines and Resources had become a receptacle for various tag ends of business. He went on to say:

Immigration really is a full-time job, because it is one of the most important problems facing Canada today. In my opinion it is wholly wrong to place immigration in the Department of Mines and Resources and thus divide the duties of the minister between immigration and mining. Both matters require a great deal of attention, and the minister cannot give undivided attention to either. The qualifications for both these jobs are entirely different.

Further on he said:

I am sure they—

He refers to hon. members.

—will admit that no one department should have both mines and Indian affairs under its jurisdiction. Indian affairs is a completely different subject which has nothing to do with mining.

Further on he had this to say:

In my opinion the centralization of the department of mines under one roof, making it solely a department of mines—not a sort of wastebasket into which all sorts of other difficult problems can be thrown—and giving it the most modern equipment possible, is one of the first things that any central planning board for Ottawa or for the national capital plan should consider.

That was not a solitary opinion of the hon. member. So important a newspaper as the Toronto *Globe and Mail*, commenting upon the announcement that this was to be done, said on the 14th of November:

Potentially the most far-reaching of the new federal cabinet changes is the creation of a Department of Citizenship and Immigration. These two broad functions are naturally allied in administration. The government is to be commended for having set up machinery which should enable a minister to devote his full time to developing our human resources.

The Toronto *Telegram*, another newspaper known to some of those who thought it fitting to criticize today, had an article in its issue of November 23 commenting upon the announcement that had been made, and its title was, "This reorganization long overdue". I shall not take time to read other editorials, but I give these as two indications that even when anyone claims to belong to a certain party his views may not be the same as those of others who also claim to be of that party.

The hon. member for Peel (Mr. Graydon) wants me to give the house the assurance that there will be no additional cabinet minister charged with responsibility for these matters following this reorganization which, according to this newspaper, is long overdue; but he is asking me to go further than I am prepared to go at this moment. I would not care to do more than give him the assurance that I will not place him in the embarrassing position of having to refuse the new portfolio that is to be created.

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

On section 1—*Short title.*

Mr. Gibson (Comox-Alberni): In closing the debate the Prime Minister did not refer at all to Indian affairs. I wonder if he has any comment to make in that connection.

Mr. St. Laurent: I do not think I would have anything to add to what I said in moving second reading. I think we are all happy to note that there has been a change in the trend; that while for many generations the Indian population was decreasing in number, in the last decade or so it has been increasing, probably as a consequence of better sanitation and health services. That trend has become decided; all these Indian groups are increasing in numbers, and I think it fitting that the greatest possible care should be given their health services, educational services and all the others factors which might assist them in finding their place in the citizenship of the country. I should think also the aim of the administration of Indian affairs should be to entice and prepare as many as possible for the assumption of the dignity and responsibilities of full citizenship in the Canadian nation.

Mr. Gibson (Comox-Alberni): I had referred to the bill, also, and I wondered if the Prime Minister had anything to say as to the introduction of that bill at the earliest possible date.

Mr. St. Laurent: This is a matter that has given my colleague the Minister of Mines and Resources much concern. I know he has been pressing the preparation of that legislation, but within the last three or four weeks we were told that the Department of Justice would not have it ready for introduction at this session. It is a complete revision of the whole Indian Act. The work done by the committee on Indian affairs was voluminous and is proving very useful, and the department is trying to prepare a revision of the act that will embody many if not all of the constructive suggestions brought out in that joint committee. I can assure hon. members that the minister was anxious to have it ready for this session. The matter came up for discussion many times, but finally we were told that it was not possible to have a proper bill ready in time.

Mr. Drew: May I briefly refer to the Prime Minister's suggestion that it took very little

to satisfy some people. That was very noisily demonstrated following his remarks at that point. I must say that I hope no embarrassment will be caused his supporters by reason of the fact that he is now taking the very excellent advice of two newspapers about which some of his supporters in Ontario have not been so complimentary in the past.

I wish to refer seriously, however, to one aspect of the creation of a Department of Citizenship and Immigration and the placing of these matters under another minister. I deferred these comments because I had just been informed of something that emphasizes a point I wish to make, and that I attempted to make in my earlier remarks on second reading. To whatever extent this country is prepared to receive immigrants from other lands, then in this complex period in the development of our modern society we should not ask those immigrants when they arrive here to work out their own problems without adequate assistance in regard to those things about which almost inevitably they will know nothing at all. I mentioned previously the desirability of simplifying the procedure at the other end so that when people go to London, Paris, Rome or any other large city in Europe, perhaps for the very first time, they may find that in one place they will be able to carry out all the details that are necessary for them to come to their new home.

More than that is needed, however. When they arrive here it is not enough that they simply be handed booklets telling of our currency provisions, giving a map of the country, and certain explanations of our habits and customs. It is essential that we set up an effective mechanism to really help these people find themselves in the places where they can get the kind of work for which they are suited by their past experience. This is particularly true in the case of those who do not speak either English or French. In those cases it is essential that adequate provision be made to inform those people in their own language exactly what they must do in order to find suitable occupations.

Just today I saw an illustration of this point which emphasizes the need for carrying our whole immigration and citizenship machinery further than it has yet gone. The Royal Canadian Mounted Police have investigated a report from Thessalon that six Italian immigrants were left for 29 days, without proper food or clothing, in a broken-down lumber camp 70 miles north of that northern Ontario centre. This press dispatch further indicates that the Ontario provincial police had investigated this situation first, and had explained that these people were wholly unprepared to meet the conditions which confronted them. It is reported that the deputy minister of lands and forests in Ontario said that these men were apparently completely inexperienced with Canadian bush conditions, and the food they took into the camp was not enough for the hard work to be performed. As a result of this, the men nearly starved.

Incidents of this type are happening too often. They are happening because there is no machinery set up to effectively guide these people; not to say what they must do, but to assist them in finding the sort of work for which they are suited. They should be helped to equip themselves to meet the conditions they are going to meet. This applies not only to the people coming from the lands I have mentioned, but also to those whom we describe as d.p.'s. Those d.p.'s have gone through experiences that justify every consideration on our part. If these people have satisfied our tests as to admissibility, then the very kind of experience through which they have passed will give them reason to be among our best citizens, so long as we receive them well when they come here. From their own experience, those people know what freedom really means. Except for those who are deliberately planted here as communist agents, they are the most vigorous anti-communists we shall have in our community, so long as we really welcome them with an effective procedure of assistance when they arrive here. I strongly urge that, with the creation of this new department, we have an efficient and businesslike system for helping those whom we are going to receive in Canada.

We should receive them without the slightest suggestion of directing either their work or how they will live. We should assist them, not only in getting to places where the type of work for which they are qualified will be available, but also in meeting the conditions they will face, particularly if they are far from the settled communities to which they are accustomed. We are fighting communism, and everything for which it stands, on the wider field. Most of those who come here from other countries are coming because of their belief in freedom. One of the ways in which we shall most effectively make sure that they continue to believe in freedom and our democratic system, so that they will become the excellent type of citizens for which their background fits them if they have an opportunity, is to help them when they arrive, to encourage them in every way to feel that we are really welcoming them as citizens of Canada. This procedure would

prevent any poisoning by communist doctrines, and would make them good citizens once they have decided to make this their home.

Mr. Higgins: Mr. Chairman, if I may I should like to obtain clarification of the position of the Indians and Eskimos in Newfoundland. I believe the Prime Minister will recall that I addressed a question to him the other day, but I did not expect an answer at that time because he was not prepared to give it. There are a number of questions arising out of preliminary statements that were obtained in 1947. If it is permissible, I should like to have those questions answered now.

In 1947, sir, there was a meeting between the delegation from the Newfoundland national convention and a committee of the cabinet. A special committee of the delegates and of the committee of the cabinet was set up to deal with Indian and Eskimo problems. A preliminary statement showing the position of Newfoundland Indians and Eskimos in the event of union can be found on page 102 of volume 2 of the report of meetings by the delegates from the national convention of Newfoundland and representatives of the government of Canada. It states:

Under the Indian Act, Indians and Eskimos in Canada are regarded as one race for purposes of administration. In the event of Newfoundland becoming a province of Canada, the Indians and Eskimos of Newfoundland and Labrador would be the sole responsibility of the federal government and, under existing legislation, would be entitled to benefits and would be subject to regulations which include the following:

I am not going through them all, but I shall deal with the pertinent ones. No. 1 reads as follows:

Free education, provided through day schools and boarding schools. Where boarding schools already exist subsidies ranging from $165 to $300 per pupil per year are paid.

I should like to know if that is so.

2. Free medical services including hospitalization.

I know that cannot be correct because I asked the Minister of National Health and Welfare a question at page 2149 of *Hansard*. His answer is as follows:

While the federal government has given some assistance in emergency cases provision of medical services for the Indians and Eskimos in Labrador has been and has continued to be the responsibility of the Newfoundland government.

There is a definite contradiction on that particular point.

At page 103 of the volume from which I have been quoting, it is stated that the provincial governments in Canada do not contribute in any way to the support of the Indian population.

I continue to quote from the report of the meeting between the delegates from Newfoundland and the cabinet:

3. Family allowances on the same basis as white population and applied in the normal way wherever possible.

I believe those allowances are paid, but I do not know how.

4. Land reserves for settlements and trapping lines are set up, by arrangements with the provincial government.

I do not believe any such provision has been made.

5. Free conservation projects, fishing projects, handicrafts and other aids are undertaken in their behalf.

I do not believe anything has been done in that connection.

6. The federal government sets up trading posts, where there are no satisfactory arrangements for trading by private interests. This is done to help Indians eventually to buy and market co-operatively themselves.

I shall not refer to the other matters of land tax, income tax, or their right to use intoxicating liquors; I think that is natural.

Indians do not receive old age pensions but relief for the aged is provided.

That is the statement we were given in 1947. I do not know whether the position has changed since that time, but I feel certain from what I have heard that many of these provisions have not become effective. It may be through an inability to carry them out, but I would appreciate the Prime Minister or the Minister of Mines and Resources clarifying the position, if that is a fair question, because I have received some questions about the matter.

Mr. St. Laurent: Yes, that is a fair question, Mr. Chairman. The answers that were given at that time, as to the effect of the Indian Act, were correct. As the hon. member knows, those general acts in Canada do not apply to Newfoundland until they have been proclaimed. Negotiations are proceeding between the department responsible at the moment and the Department of Mines and Resources, with a view to proclaiming the Indian Act in Newfoundland, and attempting to determine what parts of the Indian Act it might not be appropriate to proclaim.

It is our understanding that so far such Indians as there were in Newfoundland were a part of the general community. Now there is a question as to whether it will be preferable to put them back under the restrictions which exist under the Indian Act and give them the benefits of the Indian Act or to allow them to continue as general members of the community with the ordinary rights and responsibilities of citizenship. Those are

matters which are under consideration at the present time and it is because of the fact that the Indian Act referred to in these answers has not come into effect under the terms of union that there is this apparent discrepancy between what is the practice at this moment and the terms of the answers that were given on the assumption that the Indian Act would be in force.

Mr. Higgins: If the act is proclaimed, I take it that medical services will be given free to the Indians. I cannot understand this answer of the Minister of National Health and Welfare. Possibly he might clarify that. He says they are going to continue to be given.

Mr. St. Laurent: If the Indian Act is proclaimed, an administration of Indian affairs will have to be set up; and that administration would have to provide in the territory over which it has jurisdiction the same services that are provided for groups of Indians in other parts of Canada.

Mr. Higgins: The province is carrying it on at the present time. Is that the idea?

Mr. St. Laurent: That is because up to the present time the Indian Act has not been proclaimed and because there has not been found common ground with the government of Newfoundland as to which parts it would be practicable to attempt to apply and which parts would not fit the existing situation.

Mr. Higgins: When will the act likely be proclaimed?

Mr. St. Laurent: Those negotiations are in process and I think the officials are proceeding diligently to try to get the basis of a common understanding as to how the situation can best be taken care of.

Mr. Higgins: That is fine.

Mr. Smith (Calgary West): I want to say just a word in support of the idea advanced by the leader of the opposition. I refer to the treatment of d.p.'s after they have come to this country. First, however, I want to pay my respects to those concerned and to convey my thanks for the courtesy and fairness with which I have always been treated by Mr. Jolliffe and Mr. Smith in the offices down there; but there is an incident that I wish to mention, and it is one which I have heard is duplicated in many places.

I refer to the unkind treatment which people not familiar with our language are receiving in some of our offices. In Calgary we have a fine man at the head of the office, and he is doing a splendid job. I know that the department cannot carry to all its employees the idea that they should be purveyors of peace, light and justice; but in that office a certain incident occurred. I speak of this particular case because it concerns a d.p. woman who came out here and happened to get a job as a maid in my daughter's house. She could speak no English. She now speaks English quite well. She stayed her year, so there is not a word of criticism about her. Her husband was anxious to join her, and I took some part in arranging that he should come. I had to do that because this woman of about thirty years of age was received in that office with rudeness which was almost brutal. My daughter went down with her, obtained an interpreter and herself received extremely rude treatment there. The papers were thrown at them and they were told "Fill these out, but who is going to pay for it?" and so on. That was none of their business at that moment. I am not blaming anyone in the department but I am making a suggestion. Bear in mind, Mr. Chairman, the effect upon poorer persons, lacking the ability to speak the language, when they are received in that manner. The effect may last throughout the time of their residence in this country.

I have no doubt that bulletins have been issued from the head office but I am making the suggestion that perhaps a little more care should be taken to see that the civil servant who makes the actual contact will be a little bit more patient and will have a little bit more kindness in his soul; because these first impressions made on people of that type may be lasting ones, I fear. I do not intend to discuss communism, but dissatisfaction is the ground in which it grows. It seems to me that we should have some schooling for these people who first make contact with these immigrants who come to our shores.

Mr. St. Laurent: I thank the hon. member for mentioning this matter. A training in courtesy is given to these employees of the department of immigration. I am told that over 30 million cases have been handled by the officials of that department. That figure surprised me, and I was given this explanation. It includes even our American friends and neighbours who often come here several times. But over a very long period during which 30 million cases have been handled by officers of the department, there have been only fifteen cases in which, discourtesy having been reported and investigations having been made, it was found that the facts required a reprimand to the official concerned.

But I think that any Canadian who knows of any case of discourteous treatment in circumstances such as those referred to by the hon. member for Calgary West would be doing a service to Canada by bringing it to the attention of the department here. We

all realize that the impressions made by our public servants on those who come here either as immigrants or as visitors should be a good one, in keeping with the mentality and the habits of the Canadian people. Those who represent the Canadian people in the contacts of officialdom with immigrants or visitors should give a proper impression of the kind of people Canadians are. When any of them do not do that, I think it would be a service to have the conduct of the delinquent brought to the attention of the department for which he acts, so that the circumstances may be investigated and a repetition prevented.

Mr. Smith (Calgary West): I entirely agree with the Prime Minister. In this case I am pleading guilty. I did not bring the matter to the attention of the department. It is my fault that their attention was not brought to it. I made inquiries as to the individual, found that he had a wife and family, that he would have difficulty in getting along, and that if I had reported this incident he would have been fired. I am at fault. I just could not do it; that is all. I am glad to hear about these courtesy schools. I would not want to be the cause of some poor chap losing his job. He might have been tired or something like that; but I know of the facts of which I speak.

Mr. Knowles: Believe it or not, Mr. Chairman, this is a bouquet, and if it is not spurned, I may offer another one in a few moments. A few nights ago when we were discussing the estimates of the citizenship branch a number of questions were asked from this side of the house to which there seemed to be some difficulty in getting answers, if I may put it that way. Hon. members who were in the house at that time will recall that we got almost to the point of having a bit of innocent fun out of it. However, after it was all over, I, for one, did feel that some things that were said but even more so some things that were not said were unfair to the citizenship branch.

Since that time I have had drawn to my attention the booklets referred to that night, which have been published, and the kind of work the citizenship branch is doing in the field of helping immigrants to learn the English or French language, and to help them to learn about our land, our history, our political set-up and all those things that are a part of our Canadian tradition.

From what has been drawn to my attention it seems to me that these people are doing an excellent job. It is the sort of story we tried to get out the other night. At this time I should like to pay tribute to what is being done, and to express the hope that in the new Department of Citizenship and Immigration the excellent work being carried on by the citizenship branch will be pursued.

Section agreed to.

Sections 2 and 3 agreed to.

On section 4—*Deputy minister.*

Mr. Knowles: As I said a moment ago, if my first bouquet was not spurned I would have another one to offer on section 4. It seems to me that when this section is passed it will present a problem for the government, the answer to which I do not know, because it will have to make up its mind in which department to put the present deputy minister of mines and resources. Tributes have been paid to people in the immigration branch, in which I wish to join, but—

Mr. Smith (Calgary West): He goes into the pie department.

Mr. Knowles: —I should like also to pay tribute to the work being done by the present deputy minister of mines and resources. I do not know which department the Prime Minister has in mind for him. He could do a good job in the Department of Mines and Technical Surveys, he would be most valuable in the Department of Resources and Development—

Mr. Graydon: Or household economics.

Mr. Knowles: Yes—oh, excellent, in household economics. But I think if I had any say in the matter—not that the Prime Minister is asking me for it—I would like to see him in this human department, the Department of Citizenship and Immigration. I do wish to say, however, that we are most pleased with the excellent job the present deputy has been doing.

Mr. McLure: Subsection 2 refers to "officers, clerks and employees". Figures given the other day show that at the present time in the Department of Mines and Resources 2,000 civil servants are employed, and that in addition there are a large number of temporary employees, amounting to about 5,000. We have no definite figure as to how many are employed. Some check can be made however by considering the amount of money paid to temporary assistants.

When the new department is set up will all the employees be civil servants? Will it be necessary to carry the employees who are described as temporaries? I understand the civil service commission will make a number of appointments. Why not let it make all the appointments and take this matter away from government patronage? My understanding is that today to a great extent these temporary

employees are used in matters of political patronage. When the new department is set up I suggest that all appointments should be made by the civil service commission, thus making all the appointees civil servants instead of having a large number of temporary employees.

Mr. Murray (Cariboo): May I refer to some temporary employees in the northern sections of my constituency. Every summer survey parties proceed out either on boundary locations or to lay out townships and they employ numbers of young men from the range country and the villages to serve as packers, cooks and surveyors. I would suppose they are temporary employees. I am sure there would not be any political significance in the employment of these men who are doing heavy work. They go out to fight the black flies and mosquitoes, and work all summer for the Canadian government, receiving very little pay for it.

Section agreed to.

On section 5—*Duties, powers and functions of minister.*

Mr. Harkness: This would seem to be an omnibus section which assigns to the new department those functions which formerly came under the headings of naturalization, citizenship, Indian affairs, immigration and colonization, "and not by law assigned to any other department of the government of Canada".

I have in mind the health and hospitalization of Indians and Eskimos, which comes under the Department of National Health and Welfare. It seems to me a considerable amount of duplication of effort, and difficulties of one kind and another are bound to arise because that part of the Indian administration concerned with health is under one department while the remainder of it is under this new department.

Is there no possibility that matters related to Indians and Eskimos be placed under one department? It could be either in the Department of National Health and Welfare —and in my opinion that is where it should be—or in this new department.

Mr. St. Laurent: Formerly the health services were with the Indian affairs branch. When the Department of National Health and Welfare was set up it was felt that the services of the personnel of that department could be used for the administration of the health service of the Indians, and that there would be a saving by having them perform those duties rather than have a separate health service in the Department of Mines and Resources.

My impression is that that has proved to be the case. The Department of National Health and Welfare would not be able to dispense with many of its civil servants if it did not have this responsibility with respect to the health service of the Indians, and it would mean a larger staff if this health service were handled by two separate departments.

I can assure the hon. member that, if it were found that placing the health service for the Indians in this department would cut down the expense, that would be done; but the advice we got was that there would be less duplication by having these health services administered by the officials of the Department of National Health and Welfare.

Mr. Harkness: If that is correct, I would agree that the Department of National Health and Welfare is the proper one to handle the health of Indians and Eskimos. But has any consideration been given to putting the entire Indian affairs branch under the Department of National Health and Welfare? From what I have been able to gather there would seem to be a certain amount of duplication and certain minor difficulties due to the fact that one part of the Indian administration is under one department and the remainder under another. Perhaps, as I said before, the Department of National Health and Welfare should handle the whole thing.

Mr. St. Laurent: There might possibly be some other services that could be handled by the Department of National Health and Welfare—for instance, the education of the Indians. There are administrative problems to be considered. The Indians have quite extensive resources that are administered for their benefit. Many of these material problems are not of the kind dealt with by the Department of National Health and Welfare and it would require something different from that set-up to perform the administrative functions that are necessary. On the whole it was felt that a proper division would be to have the health services the responsibility of the Department of National Health and Welfare and to have the band funds, the band lands and the administration and distribution of treaty money the responsibility of a department that was organized as a sort of business administration department.

Section agreed to.

Sections 6 to 9 inclusive agreed to.

On the title.

Mr. Gibson (Comox-Alberni): Would the Prime Minister not consider making the title of this department "the Department of Citizenship, Immigration and Indian Affairs"?

Of course that makes a rather long title and it might be difficult if we had to address the minister as the minister of citizenship, immigration and Indian affairs, but I think the Indians themselves might feel that a certain prestige would follow if that name were included in the name of the department.

Mr. St. Laurent: The suggestion was made in the resolution stage, but it was felt that, in view of the other suggestion that the title of the Department of Secretary of State for External Affairs should be shortened, we should not be creating another department with a long title.

Title agreed to.

Bill reported, read the third time and passed.

SALARIES ACT

AMENDMENT TO PROVIDE SALARIES FOR MINISTERS OF RESOURCES AND DEVELOPMENT, MINES AND TECHNICAL SURVEYS, AND CITIZENSHIP AND IMMIGRATION

Right Hon. L. S. St. Laurent (Prime Minister) moved the second reading of Bill No. 214, to amend the Salaries Act.

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

On section 1—*Salaries of ministers.*

Mr. Graydon: After the Prime Minister's generous statement of a few moments ago I think it will be understood that I have no pecuniary interest in this matter, but I should like to ask him what this shuffling of cabinet positions will really mean in dollars and cents to the Canadian people?

Mr. St. Laurent: Mr. Chairman, as the hon. member will see, this bill provides for the repeal of four salaries and the establishment of three salaries. The salaries in the case of two positions that existed before have not been paid for the last two or three years, and the new salaries will not be paid until the appointments are made. The hon. member asks for an estimate of the additional expense. There will be the salary of a minister when the acts are proclaimed and a minister is appointed and there will be a deputy minister who may or may not be someone at present in the service of one of the three departments concerned, mines and resources, reconstruction and supply or secretary of state. The salary of a deputy minister is generally somewhat larger than the salary of the head of a branch, I think generally at least $2,000 or so more. I do not think other civil servants will be required. I have looked over the details in the estimates and I would hope that with a careful examination of the activities that will have to be performed it might be found that there are enough civil servants in the existing departments to discharge the responsibilities of the new departments. I cannot be any more specific than that. Inevitably there will be the salary of a minister and the salary of a deputy minister, if that position requires the appointment of an additional official, or the difference between the salary of a deputy minister and the salary being paid to an existing official.

Mr. Graydon: That would mean the additional amount would be the salary of the new cabinet minister and the difference between the director's salary and that paid to a deputy minister, plus the salaries that would have to be paid to civil servants by virtue of the new portfolios being set up. I think the experience in most departments is that, when you appoint a chief, human nature being what it is he tends to set up an army to lead. I am not suggesting that there is any more desire to do that in one section of the country than there is in another, but I think it is up to parliament to see that that is not always done.

I know the Prime Minister has in mind the appointment of a minister from the province of Alberta. I reiterate that that is a matter which deserves commendation because after all that province is deserving of cabinet representation on a very high scale. There are problems by way of development and progress requiring the close attention of someone in the government in succession to that very important figure who is now in the other place, the Hon. James A. MacKinnon. I suggest to the Prime Minister that the question of providing a cabinet minister from Alberta surely ought to be able to be handled without adding more expense by way of another portfolio. I do not want to repeat the necessity of keeping the cabinet down to a reasonable size, but I am most serious in suggesting that I think we can go very much further than public opinion would prompt us to go by expanding the cabinet ranks at this time.

Mr. Knowles: In this section the salary of each of the ministers, whether we are giving it or taking it away, is $10,000. In the estimates we find in each case that the salary and motor car allowance of the minister are listed together as $12,000, and it is indicated that the total amount is statutory. Can the Prime Minister tell me whether the provision for the motor car allowance is provided by statute somewhere else than in this act?

Mr. St. Laurent: Yes, a provision was made in the estimates of 1931 for a motor car allowance for any minister of the crown. I

believe hon. members will find the reference in *Hansard* of August 1, 1931. The same question presented itself to me, and I asked to be assured that nothing else was necessary so that if and when any minister was appointed there would be the same provision for him as for any other member of the cabinet. I was shown a vote in August, 1931, which makes provision for the allowance of $2,000 for every member of the cabinet for that year and for future years.

Mr. Knowles: This may be only a technicality, but I confess it puzzles me a bit. I think the Prime Minister understood the point I made before, namely, that the full $12,000 is listed in the estimates as statutory. In other words, both the salary of $10,000 and the motor car allowance of $2,000 are provided by statute.

Mr. Abbott: A vote is a statute.

Mr. Knowles: There is no question about the $10,000, but is the item of August 1, 1931, a statute? The Prime Minister called it an estimate.

Mr. St. Laurent: It is a vote which is a statute because it is voted in the schedule to which effect is given by the appropriation statute of that year.

Mr. Knowles: I shall look it up some time.

The other question I wish to ask has to do with the salaries of deputy ministers. How are they provided? One of the reasons I ask the question is that on looking through the estimates I find that, although every minister has the same salary, whether it is the busy Minister of Finance or somebody else, so far as deputies are concerned there is quite a variation.

Mr. St. Laurent: Yes.

Mr. Knowles: Is that under statute, by order in council, or how?

Mr. St. Laurent: Deputy ministers are appointed by order in council, and the statute authorizes the governor in council to fix the salary of these appointees. That is provided in this case by section 4 of the bill we have just passed. Subsection 1 of that section reads:

> The governor in council may appoint an officer who shall be called the deputy minister of citizenship and immigration who shall be the deputy head of the department and who shall hold office during pleasure.

All other officials are appointed according to law, that is to say, by the civil service commission.

Mr. Knowles: It is section 4, subsection 1, of the previous bill which gives authority to appoint the deputy of that department, but—

[Mr. St. Laurent.]

Mr. St. Laurent: But no salary can be paid until an appropriation has been provided.

Mr. Knowles: Yes, it comes in the estimates, but they do vary from about $10,000 to $15,000.

Mr. St. Laurent: Yes, that is so.

Mr. Abbott: Up to $17,500.

Mr. Graydon: Is the floor $10,000 and the ceiling $15,000?

Mr. Abbott: $17,500.

Mr. St. Laurent: A report was made by the Gordon commission on the appropriate salaries for these officials appointed by order in council who are not subject to the Civil Service Act. I will not say that a ceiling and floor were provided, but each department was listed, and a suggestion was made as to what would be the appropriate salary for that department. If the hon. member will look at the Gordon report he will see that the situation in each department was examined and a recommendation made with respect thereto.

Mr. Graydon: I take it from what the Minister of Finance says there must be at least one deputy minister who is getting more than the cabinet ministers.

Mr. Knowles: They do the work.

Mr. Abbott: Of course this is public knowledge because the report was tabled in the house. The president of the national research council and the deputy minister of finance are on the $17,500 basis.

Mr. Graydon: That means they are worth more than cabinet ministers.

Section agreed to.

Section 2 agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Knowles: On the same understanding.

Bill read the third time and passed.

VETERANS LAND ACT

PROVISION FOR MODIFICATION OF CURRENT AND FUTURE CONTRACTS, ETC.

Hon. Milton F. Gregg (Minister of Veterans Affairs) moved the second reading of Bill No. 218, to amend the Veterans Land Act, 1942.

Mr. Brooks: Did I understand that the minister was going to make a statement on the bill?

Mr. Gregg: I am prepared to make a statement either at this stage or in committee, as the house prefers. I am in the hands of members of the house.

Mr. Gillis: I imagine it would be better if the minister made his statement now. Many of us have speeches to make.

Mr. Gregg: I am happy to comply with my hon. friend's wish. In presenting the resolution I stated that the principle behind it was greater simplicity and flexibility in administration. Certain doubts have arisen as to the existence of statutory authority in the act as it now stands for the putting into effect of some things which ordinary business and agricultural practice would indicate to be desirable and to be in the best interests of veterans under the act and the country at large. The proposed changes are for the purpose of removing these doubts, and also to permit the administration to cope with certain conditions which did not exist, and could not have been easily anticipated, when the act was originally framed. As hon. members will recall, that was back in 1942. Probably the most important improvements proposed by this bill are those designed to permit the director to effect the sale of property on behalf of a veteran, and to permit the redisbursement of the sale proceeds for the purchase of other property, or for improvements to the veteran's property when that appears to be in the best interests of the veteran and when at the same time it will improve or maintain the security under the contract. The changes proposed will make it legally possible to carry out normal business transactions, and will assist the veteran in the improvement of his property; and consequently, of course, will improve his chances of success.

The bill provides ample safeguards against transactions of a purely speculative nature. A sale and substitution, where the whole property is involved, will not be permitted more than once. Any surplus created as a result of the transaction will be applied to reduce the veteran's debt. Sales will be made only on a cash basis, except where the director requires the property for the settlement of another veteran and the first veteran is willing to part with it at its appraised value. For example, the bill will make possible the disposal of matured trees, surplus buildings, sand, gravel or minerals and reinvestment of the proceeds in improvements such as new buildings, fences, the clearing of land and so on. It will enable the sale of part of a property, not well suited to the enterprise, and the purchase of more suitable adjoining land, thereby improving the veteran's unit. It will permit the sale of the entire property where it is found unsuitable or where the veteran has been moved by his employer to another part of the country, and the use of the proceeds for the purchase of another property suited to the veteran's needs and requirements. It is believed that this will do much to improve and round out properties, and will make it possible for a veteran settled under the act to continue his settlement when and where circumstances make a move to another locality imperative or desirable.

Somewhat related to the first proposal mentioned is one which will permit the director to release to a veteran part of a property which, at the time of the contract with the veteran, represented value substantially in excess of that required to protect the director's investment. This situation exists of course, where the veteran made a substantial payment of his own money at the time the property was purchased, or where the veteran had a sizeable equity in the property for one reason or another before he approached the Veterans Land Act for assistance. The bill will permit the release to a veteran, at his request, of that part of a property which represented surplus value in excess of the price paid at the time the property was purchased.

I know a number of hon. members have received complaints from veterans who have been unable to secure refunds consequent upon the sale of their properties at prices equal to or greater than the sale prices to the veterans. As explained to the veterans so affected, the trouble here lay not with the administration but in the wording of the act. I am sure hon. members will be glad to learn, therefore, that changes here proposed will remove the legal difficulties which exist in that regard.

Hon. members will also recall that in order to have as many homes as possible ready and available for our service men and women on their return from overseas, an extensive building program on small holding project properties was inaugurated early in 1945. Owing to conditions which existed at that time the cost of these houses, including the necessary remedial work which was much discussed in this house, was substantially higher that what was considered to be their true value. To ensure that these houses would be available to veterans as soon as completed and at a fair price, cabinet approval was given for their sale at a price which would represent value rather than cost, such price to be fixed by a committee composed of the deputy minister of my department and the director of the Veterans Land Act. After these sales were made

questions arose as to the validity of this procedure and of contracts made in accordance with it. One of the proposals in this bill, therefore, is for the purpose of curing this possible deficiency and of ensuring that veterans who hold agreements for sale for properties, the sale price of which was less than cost to the director, may be given a good and sufficient title in accordance with the terms of their existing contracts.

The other changes proposed are mainly for the purpose of removing any doubts that may have arisen as to the exact meaning of some sections of the act, and to broaden the scope of some sections which experience has shown to be unnecessarily restrictive.

Hon. members, of course, are fully aware of the ramifications of the land settlement operations carried on under the Veterans Land Act and, I am sure, will all the more readily appreciate that the act as originally enacted could not have been designed to meet all contingencies which might arise during those operations. I might add here that these amendments are brought forward by the administration, of course in co-operation with the veterans most vitally concerned as well as the veteran community and those interested in agriculture generally, to provide a greater flexibility in the administration of the act. As may be expected, since the act was passed in 1942 experience has shown the need for supplementary provisions to cope with many real problems; and it is to the solution of these problems that this legislation is mainly directed.

Mr. A. J. Brooks (Royal): Mr. Speaker, the minister has taken a short time to explain this bill, and I think has made its purpose clear to most of us. He said the object of the legislation was to give the administration of the act greater simplicity, and that he thought these amendments were in the best interests of our veterans. He also said that the act as originally adopted did not meet all the contingencies that have arisen since. That, of course, is true of most veteran legislation. We have found as time has gone by that practically all the veteran legislation needed to be amended at some time or other.

For this reason, as I have stated in this house on previous occasions, I feel there is great need for a committee on veterans affairs. I offer no apology for bringing up this matter again, though I have mentioned it already on a good many occasions. I do not think any committee of this house could do better work, or any committee in the past has done better work, than a committee on veterans affairs. If these contingencies that arise all the time could be discussed in such a committee, and if suggested amendments to legislation could receive such consideration, I think they would be given far more attention than is possible here, in the last days of the session. That may not have been as necessary in connection with this legislation as in connection with other acts, but I think the general principle is sound. So I hope when another session is called the government and the minister will agree that it is advisable to set up this committee.

The minister said that new difficulties were arising all the time, in spite of the elaborate set-up we have spreading all over the country. I agree with that statement. For instance, while I believe our educational program has been a great success, we all know that some men who attended universities probably would have been much better off on farms, or taking technical training. If a man wishes to take up some other work than that in which he is now engaged, this act makes provision for him to do so. I have no doubt there are many men who went on farms who have found that they would have been better engaged in other work. I believe the act makes provision for meeting this contingency as well.

While I was going through the act, I noted many points. For instance, there is a new provision in this act so far as eligibility is concerned. Provision is made for a man to change his locality. The act was rather rigid previously, and the man who took a small holding in Toronto or some other city, then found he was transferred to Ottawa, Halifax, or Saint John, found himself in difficulty. Arrangements can be made now, however, for him to sell his property in Toronto and purchase another in Halifax.

The minister spoke about the small holdings. Frankly, I think most of the trouble with the Veterans Land Act has been in the small holdings branch of that department. I remember there were grave doubts in the committee as to whether the Department of Veterans Affairs should go into the housing business. As the minister has pointed out, there was a scarcity of houses. A great number of returned men were looking for houses, and this practically compelled the Department of Veterans Affairs to undertake the housing proposition. There has been a lot of criticism of these small holdings, especially from veterans who took up properties near large cities, who found that the minimum of one-half acre was not satisfactory. I believe this fact, in itself, has kept a great many veterans from establishing themselves under the small holdings provisions of the Veterans Land Act. I believe that is something which could be investigated by the minister's department.

I was interested in reading a report of the Department of Veterans Affairs for 1948. It contains one paragraph which I think sets out this problem quite well. It says:

> The agricultural development of small holdings along the lines visualized by parliament is a responsibility challenging the best efforts of the administration.

I have no doubt that the efforts of the administration have been well challenged, but there is a grave question in the minds of the people of this country as to whether this challenge has been met.

> Involving as it does the development of a new way of life and its integration into the economic and social set-up, very careful thought and planning is necessary, and follow-up over a long period is essential for success. Results to date are most encouraging in spite of the fact that to many settlers the acquisition of a small holding was, in the first instance, only with the idea of getting themselves a home.

I believe, Mr. Speaker, that was the main idea in the mind of a great many veterans. I feel also that there were many veterans who, having a permanent job of some type, felt they would like to carry on some farming activity on the side. At first they were quite enthusiastic, but they found there were other obligations which interfered with it. Some of them found they would like to entertain themselves at some amusement, such as ball games, playing golf, and so on. On many of these small holdings it will be found that, while a small garden has been put into operation, much of the land is not being used at all. I believe the act does provide that, if a man has too much land, he can sell part of it through the board to someone else who desires to build on it.

There was another matter which was frequently mentioned in our committee, and that was the legal costs to the veteran, and the long delay which was often experienced in transferring property. In some cases it was thought that the costs were too great. In certain localities a few lawyers seemed to have a virtual monopoly on this work for which they obtained large fees. I believe the minister's department should carefully investigate this matter to ensure that, so far as the local end of these transfers is concerned, they are put through as quickly as possible.

Another point which should be mentioned, which has a bearing on this situation, is not so much a problem of the veterans affairs department as of the postmaster general. I have received complaints from men who have settled on veterans' farms, as well as other people in the locality, that the lack of a daily mail service was keenly felt. I know that veterans are often inclined to leave a community in the country in which it is impossible to have a proper mail service. As I say, this is not the responsibility of the Minister of Veterans Affairs, but I hope he will take it up with his colleagues. Neither a farmer nor any other person living in this country should have a poor mail service. I believe the post office system is out of date. The Post Office Department demands that there be four persons per mile before giving a daily service. This regulation is reacting against many of the people living in the country, as well as against many of our returned men.

I do not think there is anything further I wish to say, Mr. Speaker. I do give the bill general approval, and I think it will correct a good many mistakes and shortcomings in the old legislation. I shall close on the same note on which I started, and that is that, while there are not so many veterans' problems to be brought to the attention of the house now, still the veterans of this country feel they are entitled to a standing committee of this house. This would enable the veterans in the house to deal with veterans' problems. Bills such as this, upon being brought before this House of Commons, would be referred to this committee and given careful consideration.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, in 1946 section 9 of the Veterans Land Act, 1942, was repealed and a new section 9 inserted. It set forth the conditions under which veterans could receive assistance in setting themselves up on the land, and providing themselves with the necessary equipment. This loan is repayable over a period not to exceed 25 years.

There is one matter in this connection which I desire to bring to the attention of the minister. Perhaps it applies solely to my own province of Saskatchewan. In that province farms of large acreage have been springing up on a co-operative basis. Some of them are managed entirely by groups of veterans. I understand that the individual veteran on such a farm has been able to receive his grant; that is to say, as an individual, even though he is part of the co-operative enterprise, but apparently the veteran on a co-operative farm is not entitled to the loan other veterans receive who buy a farm upon an individual basis. My plea to the minister is that the act should be amended so that this condition would be changed. The aid in the form of loans now available to the individual should be available to the individual even when he has partners in the enterprise. In Saskatchewan there are large acreages of land which are now available; and when I say there is land available, I mean improved farms. There are farms there running into one or two thousand acres; after all a farm of sixteen

hundred acres is not exceptional in Saskatchewan. These farms are too valuable to be purchased by the average individual; and at any rate they represent an acreage too great to be taken care of by a single purchaser. I think some of these farms could form the basis of the kind of co-operative enterprises that I have described and which have already been set up, and could be purchased by groups of veterans so inclined, provided that they have the necessary financial resources. My plea to the government is that this money should be available to these people so that they could purchase such farms. I know that the soundness of the security is a matter of importance to the government. I think, however, that the soundness of the security would not be impaired but rather enhanced by any such arrangement, by carrying out the co-operative idea rather than the idea of individual ownership.

These veterans could establish themselves under favourable conditions with partners of their own choosing who would be congenial to them. The overhead expenses of these farms could be cut down, as they are now being cut down on those which have been established on the same basis, by the assistance which they could give one another in their work and by the use of machinery owned in common. A congenial social life—something which, by the way, is important in those large areas, having regard to the climate we have, particularly in the winter—would be available, something which is now impossible on the average individual farm. That is one of the reasons why some of our rural population in Saskatchewan spend most of their winters in the nearest town. They want to enjoy the company of others of their own kind.

I mention these matters because I believe they should appeal to the government from the point of view of an enhanced rather than a lessened security for the return of the money lent, as well as from the point of view of rehabilitation of veterans under favourable conditions, thus affording an additional prospect of success. I am sure that the Minister of Veterans Affairs (Mr. Gregg) has had many cases of men breaking down under certain conditions—solitude and plugging along alone—whereas groups of men, following the old tradition of the army, get along a good deal better if they are surrounded by some of their buddies. I think that this matter might be the subject of discussion in a committee on veterans affairs, and I should like to back up the plea of the hon. member for Royal (Mr. Brooks) that such a committee be set up and that that be one of the subjects referred to it.

[Mr. Knight.]

In this connection, I may say that there is a man who I think could be useful to such a committee as a witness. He is Mr. Chapman, who is now director of co-operative farming in Saskatchewan. I believe the Canadian Legion in Saskatchewan and the co-operative farm conference have gone on record as favouring this particular proposal of mine. The minister may know—and he can tell us if he will—whether representations have been made to him, and to what extent such representations have been made to him in this regard. At any rate, that is my plea. I hope the government will give consideration to this matter of making these loans under the act available to veterans farming or wishing to farm on a co-operative basis.

Mr. Victor Quelch (Acadia): Unfortunately, Mr. Speaker, I was not in the chamber when the minister spoke; I was attending a meeting of a committee. But I may say that, generally speaking, I am in favour of the amendments contained in this bill, although it appears to me that as a result of these amendments we are possibly getting further and further away from the original purpose of the Veterans Land Act, having regard to veterans and small holdings. The original idea was to settle a veteran on a small holding, with a house, so that he might use that land in order to supplement his income. As a result of these amendments he may perhaps dispose of the land and just have the house left. That certainly was not the original intention of the Veterans Land Act. Nevertheless, if it is to the benefit of the veteran to do that, I personally would not object.

To me there appears to be some confusion in these amendments as to whether or not a veteran is entitled to recover his down payment when land is sold. We shall, however, have a chance to ask questions on that point when we get into committee on the sections.

There is one other point that I hope the minister will be able to discuss, although perhaps it really does not come under this bill. It is the matter of whether or not veterans may be eligible for the grant when they settle on crown lands; and I am speaking particularly of the special areas. I have taken this matter up with the department on several occasions but so far have not been able to get a satisfactory answer. I have been told that the matter is under discussion. In view of the fact that last spring letters were written stating that a certain decision had been reached, and that action would be forthcoming in the near future, I hope that the minister will be able to clarify that point.

Mr. J. H. Dickey (Halifax): Just before the house goes into committee, Mr. Speaker, may I say I do not think that the motion for

second reading of this bill should pass without somebody saying a word in appreciation, first, of the legislation itself and, second, of the manner in which it has been administered by the department under the Minister of Veterans Affairs (Mr. Gregg). I do not think any words of mine could describe the fine results that have been achieved under this legislation better than the figures, which I should like to put on *Hansard*, as to the actual number of houses which have been built under the Veterans Land Act in the various areas of Canada.

Under the individual housing program of the Veterans Land Act, up to September 30, 1949—and this will be the date for all the provinces that I will mention—in Nova Scotia 313 houses were built; in Prince Edward Island, 96; in New Brunswick, 364; in Quebec, 921; in eastern Ontario, 2,419; in western Ontario, 1,931; in Manitoba, 474; in Saskatchewan, 203; in Alberta, 725; and in British Columbia, 1,304. In the providing of adequate inexpensive housing for the veterans of this country I think that is an achievement of which this parliament and the government can be justly proud. I did not think it was proper that the motion for the second reading of the amendments to this act should pass without something being said in this regard.

While I am on my feet I should like to comment on two or three of the observations of the hon. member for Royal (Mr. Brooks). He stated that in his opinion the department had had a great deal of trouble with small holdings. I believe it is true that certain troubles were experienced; but the department, the minister and the responsible officers did not shrink from those troubles. The manner in which they were met has in great part been responsible for the tremendous success of this legislation.

In addition the hon. member repeated the argument that there should be a committee on veterans affairs. All members of the house who were here at the second to last session of the last parliament will remember the work done by the veterans affairs committee at that time, and also the work done by previous sessional committees on veterans affairs. The day may come when a sessional committee may have to be set up; but I do think there is no need at the present time for a permanent standing committee on veterans affairs. I for one approve of the government's decision not to take that step.

It does seem to me that these repeated urgings from the official opposition for the setting up of various permanent committees indicate that there must be in that party a feeling that we should get away from the principles of parliamentary government and accept the principle of committee government, of which I do not approve.

Mr. Brooks: Is the hon. member aware that practically every veterans organization in Canada has requested the setting up of a parliamentary committee? It is not the urgings of the opposition, at all; it is the urging of the veterans themselves.

Mr. Dickey: The urgings we hear in the house are those of the opposition, and I presume they are responsible for the principle underlying the suggestion they make.

Mr. Brooks: It is the veterans.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I do not wish to detain the house for long, but I do wish to give my support to this bill and the amendments it proposes to the Veterans Land Act. I am pleased to note that the Department of Veterans Affairs, particularly, is willing to bring in amendments arising from experience, with a view to making legislation work to the better advantage of the veterans. I should hope that some other departments of government might learn a lesson from the Department of Veterans Affairs and recommend amendments to legislation when such legislation does not work out satisfactorily, or requires amendment.

I would support the proposal of the hon. member for Royal (Mr. Brooks) that at the next session of the house we have a special committee on veterans affairs. As the hon. member has said, I believe that is the wish of all the major veterans organizations in this country, and such a committee would play a useful part in assisting the government in the further development of veteran legislation.

I am pleased to see these amendments because I believe they will be beneficial to some men in my constituency. I have known of men taking up some holdings under the act, and then having to transfer their employment, or having to transfer their locations of residence because of health reasons, employment reasons, or for some other unforeseen cause. For that reason I am sure these amendments will assist a great many veterans in Canada and correct a situation which requires correction.

I could not take my seat without again emphasizing my hope, and the hope of the veterans I represent, that the government will see fit in the near future to reduce small holdings to half an acre, and make it possible for thousands of veterans to take advantage of this excellent legislation. I am pleased, too, to see the qualifications for application under the act extended to this

group of pensioners who are pensioned on account of disability received in any theatre of service.

That is all I have to say at the moment.

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

On section 1.

Mr. Wright: Mr. Chairman, I should like to say a few words on this section. I did not say anything when Mr. Speaker was in the chair, because there were certain questions I wanted to ask.

In my view this is a good bill, and makes the act more workable than it was before. It does raise certain questions, but before going into those I should like to comment on the general principle of these small holdings, and the idea behind them when the act was passed in 1942. Many hon. members here today served on that committee, and they will know that the idea of small holdings as it was put forth at that time was not intended as a housing scheme. It was only after the veterans began to come back from overseas, and the scarcity of houses developed, that the scheme became a housing scheme. It seems to me there is a difference between the two, but that as yet the department has not been able to resolve that difference.

There is a demand for housing and a demand for small holdings. In between the two we have many holdings the classification of which it is difficult to define. I believe the department will continue to have difficulty until there is some amendment in the act to distinguish between veterans housing and small holdings. The setting up of that division may offer some difficulty. However, unless there is some division there will always be that marginal ground where it will be difficult to decide what veterans should do with their holdings—whether they should be able to dispose of part of them, or whether they should be retained as part of the holding of the veterans.

The veteran now on a small holding may sell part of that holding. There are many veterans who have holdings of two or three acres. If they subdivide and sell part of those holdings, immediately there will be a demand on the part of veterans coming in under the act to get holdings smaller than the two or three acres available at the present time. What is the position to be in that connection?

If under this amendment to the act the subdividing of a small holding is allowed, then quite rightly other veterans who may be coming under the act will ask for smaller holdings. They will ask for a reduction to the half-acre holdings.

I should like also to say a word with respect to the matter raised by the hon. member for Saskatoon. That is a problem we are going to meet in certain parts of Canada as time goes on, the matter of large farms going on the market for sale. In my own constituency I know of several large farms of five, six or seven sections, in good areas which, because of the desire of the owners to retire, are going on the market. It is good land; but no single veteran can hope to purchase that amount of land. Where a group of veterans wish to get together to form a co-operative in order to farm some land that might become available under section 9, they could purchase it and operate it more successfully than they could as individuals. I think some consideration should be given to amending the act to allow that development to take place. It is a natural development that is going on and if it is successful I think it should be encouraged. I have some other questions with regard to other sections which I shall bring up later.

Mr. Gregg: I wonder if the hon. member for Melfort would mind if his questions were answered under section 3? Perhaps that would keep things more in order. This section merely brings the provisions of this act into conformity with the amendment to the Pension Act in so far as pensioners' applications are concerned.

Mr. Hatfield: Why should a veteran who has a position in a town or city have to go outside the limits in order to take up a small holding?

Mr. Gregg: I should like to deal with that question under section 3.

Mr. Brooks: How many more veterans does the minister think will be brought in under the new qualifications for eligibility?

Mr. Gregg: It is impossible to make anything like an exact estimate. As hon. members realize, veterans have made application from time to time and have been told, "We are sorry but we cannot do it under the present act; perhaps some day it will be amended". I think we can form a pretty good guess when we consider that approximately 2,200 pensioners were listed as having service of less than one year. It would be a fairly small percentage of that number, perhaps somewhere around 100.

Mr. McLure: When a veteran has exhausted his re-establishment credit and qualifies for land under this legislation must he pay back all the credit he has received?

Mr. Gregg: That matter does not properly come under any section of the bill, but I shall deal with it now. This bill does not change that situation at all. A veteran is permitted to repay his re-establishment credit and then apply under the Veterans Land Act. That provision was in existence before and it will continue.

Mr. McLure: I have in mind a veteran who has made an application which has been accepted. He had seven years' service, all of it overseas with the exception of six months, and he is being asked to pay back some $1,400. He has a little business established in a country village and he wants to build his house there. However, he was told that he would have to go out a mile or two and buy three acres of land. That would be detrimental to the carrying on of his business. Another complaint is that the longer service a man has had, the more he must pay back. Of course, he has received a larger re-establishment credit, but there seems to be discrimination as between the man with long service and the man who came in only at the last moment. Would there be anything under this bill that would reduce the amount that a man would have to pay back? In this case this man will be forced to sell his business in order to get started again.

Mr. Gregg: There are no provisions for that in this bill. While I do not want to do it now, I think I could convince my hon. friend of the equity of the present provision. However, it does not properly come under this bill.

Section agreed to.

On section 2—*Determination of cost to director.*

Mr. Wright: This section provides that the cost to the director shall not be less than the amount actually expended. I believe there have been occasions when the director has had to sell property for less than the actual cost. This section would seem to preclude that possibility and I am wondering if its provisions will be retroactive. There have been properties where the cost has been written down because of an increase in the cost of materials and that sort of thing.

Mr. Mutch: Is the hon. member referring to the small holdings?

Mr. Wright: Yes.

Mr. Mutch: This is not the section, but provision is being made to ensure that the write-down shall not be charged against the property.

Mr. Blair: In cases where there is no agreement as to the value of the land and property and where a valuation has been made by an official of the department, is there any appeal or can a valuation be obtained from another party?

Mr. Gregg: As my hon. friend knows, in each region the Veterans Land Act administration has the benefit of excellent advisory committees. While there may not be a formal submission of an appraisal by our official, nevertheless our field superintendents consult with the advisory committee in forming appraisals.

Section agreed to.

On section 3—*Director may sell all or part of property sold to a veteran.*

Mr. Gregg: In dealing with the questions that have been asked under this section perhaps I may take the last first and then deal with the others. The hon. member for Melfort, the hon. member for Acadia and the hon. member for Royal have all referred to the idea behind these small holdings. I should like to make it abundantly clear that there is no withdrawal from the original idea. It is true that in the days of demobilization in 1945 and 1946, when it was more vital even than it is now to get demobilized men under cover, an amendment was made by order in council to the regulations of that day to permit the obtaining of blocks of land in the vicinity of large centres and breaking them into half-acre lots which became known as projects or subdivisions. A good deal of difficulty was experienced in getting equipment and skilled help to build the houses for these lots. After looking over the record I am free to state that the motive of having a small place in which to live in the country did not at that time carry a great deal of weight. In 1946, I believe, that was reversed and the regulations went back to two and three acres where it now stands.

The value of the original small holding idea has been pointed out this afternoon. I think we are beginning to come to a realization of it. Some hon. members may have seen reports of a competition which the director conducted within the last twelve months, for small holdings both in subdivisions and on individual settlements across the country. That, as well as many other things, including the remedial steps taken with regard to houses, helped to raise greatly the morale of many veterans settled under this provision of the act. During the present month, while things are reasonably quiet in the work of the administration of the Veterans Land Act, there is being carried

on in Ottawa what I tell the director is a young college. Senior men and their assistants from every section of Canada are taking a three-weeks course. Those providing instruction in that course are drawn from many fields of activities having to do with agriculture, horticultural and small holdings. Now that we have had the plan back on the two and three acre plan for a goodly period, it is evident that there is great and continuing interest in this particular way of life that was visualized in 1942 when the small-holding idea came into effect.

For instance, let us take the first year, 1945-46. Approved applications for small holdings numbered 2,318. I admit the war ended that year, and consequently it took a little while for veterans to decide what they wanted to do, but in the first six months of the 1949-50 year there have been 1,808 approved applications for small holdings. If it continues on the same basis there will be 3,616 this year, or a good many more than the first year of demobilization. Of course the same thing can be stated as to those going on dominion and provincial lands. The rise there has been much more marked because it took some little time to get under way.

The other point which was made by most members who spoke was an expression of concern whether the provision under this section for the sale of a part of the property might result in its being reduced to a very small lot. The answer is no. The director will only have authority to allow the veteran to sell a portion of his property when the remaining portion is not less than the amount he would otherwise be required to have. It does not change the acreage position in any way whatsoever.

Mr. Gillis: Will the minister tell us what the special qualifications are whereby a veteran can qualify with two acres? The normal requirement is three, is it not?

Mr. Gregg: It is based upon the current value of the land. If the land with a suitable supply of water is worth $500 an acre or more, it may be two acres, but if under $500, the minimum is three acres. The director has a twenty per cent discretion.

Mr. Gillis: There is another point that is quite important. You are changing section 9 (a) of the act and adding a section to it for the purpose of modifying the general terms. What I have in mind is that when a veteran establishes himself on a small holding—

Mr. Gregg: Excuse me, but it is not taking out one and putting another in. It is adding another one.

[Mr. Gregg.]

Mr. Gillis: You are adding to it. When a veteran establishes himself under the small-holding section he signs a contract with the director to the effect that he must remain on that particular section for ten years. Otherwise, if he is obliged to move before the ten-year period is up, he does not get the write-off of 25 per cent that he would if he remained on the land and completed all the terms of the contract. Perhaps that was all right in theory when we started, but in practice it is working a hardship on those who are obliged to move through no fault of their own. For example, I have in mind a case where a soldier working for an oil company established himself on that basis, and then was ordered to another part of the country after being there for three or four years. He is placed in the position that he has to refund the 25 per cent, and thus loses the benefit of that particular provision of the act. The amending section provides a modification whereby, in the event of his being obliged to move, he is permitted to make arrangements with the director to sell the land to another veteran who may qualify. According to my reading of it, the director is then enabled to help the man who is forced to move in the place where he is going. I wonder whether that will be of any help in connection with two or three cases I have in mind.

For example, an employee of an oil company is shifted outside Canada, and the regulations do not apply where he is going. Perhaps he has cleaned up his loan in four years, but nevertheless if he moves and hands back the property he is obliged to repay the 25 per cent plus interest. This may be a borderline case, but several of them have been brought to my attention. While the act helps to some extent in the circumstances where a veteran is moving from one part of Canada to another and is successful in getting another veteran to take over his place, it does not help the veteran who is shifted outside Canada. Is there any administrative latitude that might be granted in such a case? I cannot read it into this change.

Mr. Gregg: As my hon. friend points out, everything else being equal, this enables a man who moves to another part of Canada to secure another property there. I hope the hon. member will not ask me to interpret the legal words used in the bill to achieve this.

Mr. Gillis: I wouldn't understand you.

Mr. Gregg: I can assure him the law officers of the crown have "vetted" it carefully. They assure me it will do the trick. As to the man who must move outside Canada, it is granted that we cannot do the same thing because we cannot get land in the place

where he is going, but I think my hon. friend is wrong when he states that he has to repay to the director the conditional grant he would have got if he had remained on the property for ten years. He does not pay it back because he never had it. The conditional grant was promised him after ten years as an inducement, if you like, for him to adopt this kind of small-holding life, to try to get people out of the cities and interested in that type of property. If a situation arises where he cannot carry through he is no worse off than he was, but he has not qualified for the additional grant.

Mr. Gillis: I should like to get that clear in my own mind, because I may have to explain it to someone else. Say the value of the property was $15,000.

Mr. Gregg: Keep it small; the limit is $6,000.

Mr. Gillis: I just said $15,000 for a start. Say $5,000. Under the terms of the contract the veteran is obliged to pay $5,000 less 25 per cent, which is written off when the mortgage is finally burned. In the event of circumstances arising such as we have described so the veteran has to hand back the property, does he pay that $5,000 one hundred per cent, or does he hand back the property to the director less the 25 per cent? He is allowed that in the transaction if he remains on the property for ten years; but if he leaves that property before the ten years are up does he lose that 25 per cent?

Mr. Gregg: He would lose the conditional grant because he would not earn it. If it is a $6,000 property the conditional grant normally would be $1,400; and if he carried through the contract, at the end of ten years the conditional grant would be his. But he cannot do that; consequently he loses it because he has not lived up to the terms required.

Mr. Gillis: He is really serving a ten-year sentence, and would there be any possibility of lessening that sentence? It would be quite all right if he was earning his living on the property as a regular farmer, but his means of livelihood are outside, so I do not think it is reasonable to say that the grant is conditional upon his remaining there for ten years. Could that not be knocked down to a shorter period?

Mr. Gregg: I would not like to follow that through in all its details, but in actual practice such a man would be paying under his contract a very modest rental, if you called it a rental instead of a payment on his property. When he has to make that move, he has made certain payments which of course are credited to his account. More often than not when he makes the move all the worry in connection with the liquidation of the contract falls upon the director. In other words, if the veteran leaves the property within the ten-year period the terms of the conditional grant have not been met.

Mr. Wright: I should like to carry that just a step further. Supposing within the ten-year period this veteran moves from Vancouver, we will say, to Ottawa and gets another property under the Veterans Land Act. Does he qualify for the grant here? He has to buy the property under the Veterans Land Act, and it has to be a similar property in order to qualify.

Mr. Gregg: Yes. The wording of the section in the bill covering that point may appear a little obscure; nevertheless that is fully provided for and is one of the reasons why these amendments were brought in.

Mr. Wright: On the other hand if he cannot obtain a property here under the Veterans Land Act and has to buy a city house because he cannot wait to obtain something under the Veterans Land Act, does he get that grant?

Mr. Gregg: If he is sold on the idea to the extent of wanting a second property under the act there is every likelihood that he would be able to get it. If that should be absolutely impossible, however, he would be in the same position as the man who went to the United States or somewhere else outside Canada.

Mr. Cardiff: Take the case of a veteran who bought a farm and, before the ten-year period was up, found it did not suit him, paid all he owed on it, and then sold it. He does not owe the government or anybody else a cent. If he buys another farm is he entitled to re-establishment? The man to whom I have reference bought a farm and paid for it in a matter of two or three years. He paid the government everything he owed; then he sold the farm and now wants to buy another. Is he entitled to re-establishment in connection with the second farm?

Mr. Gregg: Not in the ordinary course. The director has authority, for good and sufficient reasons, to assist a veteran to improve his condition, but the veteran would not be entitled to go on repeatedly buying and selling farms on his own. Under the terms of the act the director has authority to dispose of a veteran's property and assist him to obtain another property better suited to the needs of the man, but that would be done in a relatively few cases.

Mr. Mutch: In the case mentioned the veteran could not get title in less than ten years; before that time he would not have earned his conditional grant. Therefore the property could only be sold by the director on his behalf, which is a proposal contained in this legislation. If this proposal carries, that could be done once, but only once. The director and the veteran cannot go on buying progressively better farms, and get into the real estate business. He could make a complete switch once within the ten-year period, but he could not pay it off in three years and get title without sacrificing his conditional grant because he would not earn his conditional grant in less than the ten-year period.

Mr. Gregg: In reply to the hon. member for Cape Breton South and several others I should have added, taking the case mentioned by the hon. member, that when the man does clear up his contract with the director and moves to another part of Canada where he is not able to get settled, he then is in line to receive his re-establishment credit.

Mr. Cardiff: Then I would ask the minister what difference there is between those two propositions. The man to whom I have reference bought a farm, sold it and paid back everything that was coming to anybody. Now he wants to buy another farm. What is the difference between his position and that of the man you referred to just now, who moved to another part of the country?

Mr. Mutch: He bought the first farm on his own?

Mr. Cardiff: No, he did not; he bought it under the Veterans Land Act, and paid back all the money that was required by anyone. Now he wants to re-establish himself on another farm.

Mr. Gregg: I do not want to discuss hypothetical cases. If the man was happily re-established on the first farm and then decided to sell it, it is doubtful whether the country should be expected to re-establish him again, except under very special circumstances for which provision is made in the bill.

Mr. Quelch: I wonder if the minister could give any breakdown showing what use the veterans are making of their small holdings of land. If he has not that information could he at least say what percentage of the veterans are obtaining any revenue from their small holdings? The purpose of my question is to find out how quickly we are realizing the purposes of the act.

Mr. Gregg: That is a difficult thing to interpret in figures at this early stage, because as I see it these small holdings have a much greater potential value than has been realized so far. It is intended to provide him with elbow room so that, perhaps during a period when he is not able to get as high a wage as he is now, he might develop some skill or do something on that property that would bring him in revenue. I can say further that, as a result of the judges' report on the competitions in the small holdings this year, I was surprised at the number of veterans who have made some use of their land.

Mr. Brooks: What percentage would you say?

Mr. Gregg: It is difficult to be precise, but more than 50 per cent of the veterans across Canada have already made use of more than a reasonable amount of the land, either in productive capacity or in gardens, lawns and that sort of thing.

Mr. Wright: I should like to support the member for Cape Breton South in his plea to the minister for veterans who have left these small holdings through causes that are not under their control, such as employment, sickness or something of that kind. I believe this ten-year sentence, as an hon. member put it, should be reduced to five years. It seems only reasonable that, when these people have to move because of circumstances over which they have no control, they should not lose the conditional grant that they got for the ten-year occupancy.

I was glad to hear the minister say that it was a bit difficult for him to understand the wording of parts of this act, because I found that, too. I should like to get an explanation of clause 4 of section 3. It reads as follows:

> Where under this section the surplus or any portion thereof is applied in reduction of the cost to the director,
>
> (a) an amount that bears the same proportion to such surplus or portion as the contract sale price bears to the cost to the director of the land, improvements and building materials, or
>
> (b) seventy-six and two-thirds per centum of such surplus or portion whichever is the lesser, shall be applied in reduction of the amount owing under the contract, and for the purposes of subsection four of section nine the total outstanding cost to the director shall be reduced by the amount of such surplus or portion.

Can the minister or his assistant put that into language which the ordinary member understands?

Mr. Gregg: Mr. Chairman, I knew I would get caught on that one. Would my hon. friend be willing to have me put on *Hansard* an example of that, and if the bill happens to go through tonight, I would be glad to discuss it with him when my estimates come up.

Let us say that a sale is made to the veteran under subsection (1) of section 9 of land which

cost the director, say, $6,000, and later, at the request of the veteran, the director sells a portion of the property for $1,000, the formula will be found to apply as follows:

Cost to director of land		$6,000
Contract sale price—10 per cent down payment	$ 600	
Plus ⅔ of $6,000	4,000	
Total		4,600
Value of portion of property sold		$1,000

We have the proposition then of X being as to $1,000 as $4,600 is to $6,000, or 4600/6000 of $1,000 equals $766.67. In other words, the veteran's contract debt is reduced by $766.67. This is the ordinary case. I do hope that my hon. friend will be able to make out that formula tomorrow morning, but I assure him it is quite all right.

Mr. Wright: I am grateful to the minister for giving us time until his estimates come up to study the matter, because I cannot understand it now.

Mr. Noseworthy: I should like to call attention to one matter which has been mentioned a number of times during the debate on this bill. One of the most frequent complaints from veterans I meet in the city of Toronto concerns the size of small holdings. The one amendment I think is needed most is an amendment that will restore the small holding to its original size, particularly adjoining a metropolitan area. The price of two acres anywhere near the city of Toronto is too high. If the veteran can purchase the land at a price he can afford, he has to go so far out of the city that getting back and forth to work becomes impossible.

If the minister and his department could give some consideration to reducing the size of that holding, especially near metropolitan areas, it would make it possible for veterans who are working in the city to acquire a small home just outside the city, along with half an acre of land. They could grow some vegetables to help out the family budget. I believe I have had more requests regarding the possibility of getting a half acre than for anything else under the act. This provision affects the veterans living near the large cities.

Mr. White (Middlesex East): I wish to mention the same point as the member who has just spoken. In the county of Middlesex, I find there are some half-acre plots available. In some of the villages near my constituency, I find that the requirement is for a larger acreage. This means that one veteran can go out of the city of London, purchase a half acre and secure the benefits of the act, while a veteran living in another village is unable to do that. This does not seem fair. Under present circumstances, I believe a half acre is large enough. If the veteran feels he wants to expand later, he can buy more acreage as he needs it.

While I am speaking about these small holdings, I should like to say that many of the veterans deserve a great deal of credit for the way they have improved their property in the county of Middlesex.

Mr. White (Hastings-Peterborough): I should like to ask the minister about the point mentioned by the member for Royal, that is the long delay in getting legal transactions through the department. In the past it has been the custom to blame these delays on the lawyers. As the minister knows, if there is no question about the title, there is no reason for the lawyer to hold the matter up. I would be glad if the minister would take the province of Ontario, since it is the only one with which I am familiar, and tell us how many departments there are in Ontario and just how an application goes through. Will he explain what causes the long delay?

Mr. Gregg: I hope, and it is not just a pious hope, that the long delays are not as great as they were before. Will the hon. member accept my promise to bring forward a complete reply to his question when my estimates are before the house?

Mr. White (Hastings-Peterborough): Can the minister say what would be the average time taken for an application to go through after its acceptance?

Mr. Gregg: I should not like to make an estimate, but I will get one for my hon. friend.

I should like to comment on the two suggestions made a moment ago. Those proposals of course would reverse the original intention of the act, but that is not the main point. I would look at the matter with a good deal of concern if the Minister of Veterans Affairs were forced to go into the housing business. Might I suggest to both hon. members that they look quite carefully into the terms of the legislation now brought forward by my colleague, the minister of reconstruction, with regard to housing and which I think will help to take care of the problems in the metropolitan areas which they mentioned.

Mr. Noseworthy: It is not so much a matter of housing; a half acre of land adjoining a city is entirely different from a house in the city. A great many veterans would like to get just outside the city, yet near enough to get back and forth to work without having to travel fifteen or twenty miles, as in Toronto. It is not just a case of getting a house; it is a case of getting a home and a bit of land on

which they can do some gardening and augment their income. It is more than a question of a house.

Mr. Warren: It is not often that I trouble the minister. I think that is a suggestion which ought to be considered. I have had some problems of that nature in my riding. It is not always easy to get three acres of land close to your work. You might be able to get half an acre. If it is good land, you can grow a great quantity of vegetables on half an acre of land, provided that you are willing to work. If it were possible to give that help to a veteran who would build a house of his own in his spare time—as could easily happen if he had the necessary energy and ambition —on half an acre of land, I would be in favour of giving it.

Section agreed to.

Section 4 agreed to.

On section 5—*Termination of contract by agreement.*

Mr. White (Hastings-Peterborough): If the sale is made, will the minister say just how the proceeds will be divided?

Mr. Gregg: Hon. members will observe opposite section 5 the explanatory notes which are quite brief. In the act machinery is provided for the termination of contracts of veterans who are in default, and all such situations must be examined by the provincial advisory board before termination proceedings are completed. It sometimes happens that a veteran is ready to dispense with the formal procedure and is prepared to give a quit claim deed to the director with respect to his interest in the contract. That is where he volunteers and is quite willing to do so without any pressure whatsoever. The purpose of this amendment is to relieve the director, under such circumstances, of the need to go through the long formal procedure that I have mentioned.

Mr. White (Hastings-Peterborough): In a case like that, if the veteran is agreeable to having the contract rescinded and if the director in due time disposes of the small holdings and there is no loss, does that mean that the veteran who is no longer under V.L.A., and did not receive any rehabilitation grant, would then be entitled to his rehabilitation grant?

Mr. Gregg: Yes, he would be entitled to his rehabilitation grant.

Mr. White (Hastings-Peterborough): Is there anything in this amendment or in the act that distinctly states that he is entitled to his rehabilitation grant?

[Mr. Noseworthy.]

Mr. Gregg: It is in vogue now.

Mr. White (Hastings-Peterborough): In this act?

Mr. Gregg: No. It does not require to be incorporated in this act.

Mr. White (Hastings-Peterborough): I am glad to hear the minister say that, but I do not know of any place where it is stated that he is entitled to that.

Mr. Mutch: Perhaps I could answer that question. You will remember, Mr. Chairman, that there were three possible ways of receiving rehabilitation benefits and each of those was exclusive of the others. The only way that a veteran gets benefit under the small holdings section of the Veterans Land Act is to earn his conditional grant. If he did not earn his conditional grant by staying on the land long enough to earn it and fulfil his contract, he does not receive any rehabilitation benefit at all under this act. He might then elect to get his credits. If the time had not elapsed, the fifteen months, he would alternatively be entitled to an educational grant.

Mr. White (Hastings-Peterborough): If you follow that up, Mr. Chairman, where the land goes back to the veteran and there is a loss of $300 on the resale, would that in any way affect the amount of rehabilitation grant? Would that $300 be deducted from his rehabilitation grant or would he get his full rehabilitation grant as if he had never made application under V.L.A.?

Mr. Mutch: I should not like to answer that question without checking, but I believe that it would depend on whether or not it was held that he had by his negligence contributed to the loss. It would then be apportioned.

Section agreed to.

Section 6 agreed to.

On section 7—*Surplus on resale to be paid to veteran.*

Mr. Wright: I should like to ask the minister whether subsection 3 might not be amended. It reads:

(3) Where the contract between the director and a veteran was rescinded or otherwise terminated and it is established to the satisfaction of the director that

(a) the property described therein did not deteriorate in value owing to wilful neglect by the veteran during his occupancy, and

(b) failure of the veteran to observe the terms of his contract was due to his physical disability, or ill-health of his family, or his general unfitness to farm, or the unsuitability of the property, and that as a consequence thereof the veteran is in necessitous circumstances,

the director may, with the approval of the governor in council, refund to the veteran his initial down payment in whole or in part.

I think the words "and that as a consequence thereof the veteran is in necessitous circumstances" should be taken out. It seems to me that we are bringing the means test into this legislation in a way that is done in no other section of the act. Where the other conditions obtain, where the land has not deteriorated in value, and where the failure of the veteran to observe the terms of his contract was due to physical disability, or ill health in his family, or general unfitness to farm, or the unsuitability of the property, he should be entitled to the 10 per cent refund without having to prove necessitous circumstances. I would ask the minister seriously to consider eliminating these words, "and that as a consequence thereof the veteran is in necessitous circumstances".

Mr. Quelch: I would agree wholeheartedly with the hon. member for Melfort. That is the point to which I was referring when I spoke on second reading. It seems to me that a veteran should certainly be entitled to the refund of the down payment unless it can be shown that the property has deteriorated as the result of his wilful neglect.

Then again, I think that paragraph (b) of subsection (3) should be widened a little bit. It contains these words, "or the unsuitability of the property". What about the case of the veteran who has suffered, we will say, two or three total crop failures as the result of hail? If he is going to lose his farm, at least he should have the down payment refunded because he will be in a bad financial position if he has to give up farming as a result of continued bad luck. I am referring only to conditions over which he has no control. If it is as the result of a series of crop failures, not of poor farming, or to hail or other misfortune that he has to give up farming, then I think he should be entitled to a refund of the down payment because he is certainly in need of it.

Mr. Gregg: I think both my hon. friends will agree that probably we make progress slowly. I believe the words underlined, "or the unsuitability of the property" represent a step forward—a very long step forward. I think it might even be stated that the case suggested by the hon. member for Acadia involved unsuitability in the location of the property, and that that caused the circumstances he mentioned. I am sure he will agree that those who administer the act will interpret that faithfully and well. I should like to have that provision stand as it is at the present time anyway.

Mr. Quelch: Why retain the words "in necessitous circumstances", so long as it is not due to wilful neglect? Why should he not get the refund?

Mr. Gregg: There is no answer; but it was in before and I do not wish to change it at this time.

Mr. Wright: It is six o'clock, and I think the minister should think it over during the recess.

Mr. Gregg: It has been thought over and discussed at great length.

The Deputy Chairman: Perhaps this section might be allowed to carry; there are only a few more.

Mr. Quelch: We are on section 7. I should like to ask a question about subsection 2 (c), which refers to taxes and costs of insurance and repairs paid or incurred with respect to such property by the director since the date of rescission or other termination. Just how far can the director go in connection with making repairs to a property? As the minister knows, many farms that are bought by veterans have a number of buildings in a bad state of repair. Does that mean that the director can repair all the buildings into shipshape condition, when they were not in a good state of repair when the veteran bought the land? If the land sells at an increased price owing to the fact that the veteran has put a lot of improvements on it, surely he should be in a position to benefit from those improvements.

On the other hand, if the director has a free hand to carry out all kinds of repairs on the buildings, he might use up any profit left on the transaction. Repairs should extend only to the extent of putting the buildings back into the condition they were in at the time the land was bought.

Mr. Gregg: Is the hon. member referring to the situation where receipts from the sale of a piece of property may be used to repair buildings?

Mr. Quelch: No. Section 19 (1) states:

Where a contract made by the director with a veteran is rescinded or otherwise terminated and any property that was sold by the contract is re-sold by the director for more than the amount owing under the contract, the surplus shall be paid by the director to the veteran.

(2) For the purposes of subsection one the amount owing under the contract is the aggregate of—

and so on.

Mr. Gregg: That is just to restore the property to the condition it was in before.

Mr. Quelch: That is all?

Mr. Gregg: Yes, that is all.

Section agreed to.

Sections 8 to 11 inclusive agreed to.

The Deputy Chairman: Shall the title carry?

Mr. Herridge: Would the minister have an office consolidation made of this act? It would be most convenient to hon. members, in view of the amendments.

Mr. Gregg: Yes. May I thank hon. members for their co-operation in getting this bill through.

Title agreed to.

Bill reported, read the third time and passed.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

ALBERTA NATURAL GAS COMPANY

The house resumed from Friday, November 25, consideration of the motion of Mr. Maybank for the second reading of Bill No. 66, respecting Alberta Natural Gas Company.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, when the house was considering this bill a week ago I had not quite concluded my remarks. I suggest to you and to hon. members of the house that the test which should be applied to these private bills granting charters to build a pipe line should be this: Is the proposed company going to give the greatest possible service to the Canadian people?

The company under discussion in this bill, to be known as the Alberta Natural Gas Company, does not meet that test. The proposal is to run a pipe line from southern Alberta, through the Crowsnest pass and thence into the United States. We are told that they hope to bring it out again at the end to serve Vancouver, which would then be at the end of the line. It should be made perfectly clear that that plan means that this company will serve, first, the interiors of Idaho, Washington and possibly Oregon; second, the United States west coast cities of Seattle, Tacoma and Portland; and, third and last, the Canadian west coast will be able to get whatever surplus is left.

I have here this week's issue of *U.S. News and World Report*. The heading of the article to which I am referring is, "Canada: Oil's new hot spot." A map appears with the article illustrating the oil boom now at flood tide in Alberta and spilling over into Saskatchewan and possibly reaching Manitoba. It shows a pipe line under construction to the southeast from Edmonton to Superior, Wisconsin, and it shows a proposed pipe line to the southwest, again from Edmonton, running into the state of Idaho, thence into Washington and thence to Seattle, Tacoma and Portland. That is the way the United States are looking at this business.

Mr. Harris (Grey-Bruce): I think in fairness the hon. member should read the contents of the article, which states that it will supply British Columbia markets.

Mr. Speaker: I do not think the hon. member should refer to newspaper or magazine articles having reference to the present debate.

Mr. Green: It is only natural that this pipe line should serve the northwest states because the company behind this bill is a United States company, the Northwest Natural Gas Company, which is an affiliate of Venezuela Syndicate Incorporated of New York. The first interest of this company is the Pacific northwest states, not the province of British Columbia.

Since I made my speech last week the Vancouver *Sun* of November 24, 1945, has arrived which contains an article datelined at Calgary and reading as follows:

> Northwest Natural Gas Company has asked the Alberta natural gas and conservation board for an adjournment of its hearing for permission to export gas to points outside the province.

I point out that that is an application made to the Alberta authorities by the Northwest Natural Gas Company. The article continues:

> This company, which has plans to bring Alberta's gas to the coast by a southerly route through the United States, has run into difficulty in the House of Commons, in its move to get federal approval for incorporation.
>
> Previous to this sitting of the house it had requested Alberta to hear its application on November 28. Now the application might not come up until after the end of the year.

They are waiting to get this bill through the house.

> British Columbia's government and many residents have gone on record supporting Westcoast. A line through northern British Columbia and Alberta would build up the sparsely settled districts in both provinces, they say.

There is no doubt at all who is behind this application for a charter. It is a United States company which is planning to serve the northwestern states. I suggest that the line should be through British Columbia to the coast, and I do not care which route it follows provided that it goes through Canadian territory. If there is any surplus it can then be sent on to United States west coast cities. Nobody could have any objection to that.

If that plan were followed, instead of this pipe line serving the interior of the northwest Pacific states, the American Pacific coast cities and finally the west coast of Canada, we would have the interior of British Columbia served first, then Canadian west coast centres and finally United States west coast cities, if any surplus was available. I need only point out to hon. members that when we were discussing the trans-Canada highway this week everyone insisted that it should go through Canada; no one suggested anything else. Surely we should do the same thing with this natural gas pipe line.

I suggest that some delay is advisable before a decision is reached on this point. A question like this should not be settled in the dying days of this short session; time should be available to determine how Canadians can best be served by this pipe line. Then thought should also be given to having placed in the charters the route to be followed. I repeat the argument I made before, that there should be written right into the charter where the company has to lay out its route. Further, an attempt should be made to negotiate with the United States. If this pipe line or other pipe lines have to cross the boundary and then come back into Canada, we have no assurance they will come back unless there is a treaty with the United States. It is ridiculous to leave it to a private company to make the arrangements. Once the pipe line crosses our boundary we lose all control, and the only way we can get any control at all is by having a treaty.

I also believe consideration should be given to writing more controls into the dominion legislation. There should be some method of controlling the rates to be charged by the pipe line companies. At the present time there is practically no control over a natural gas pipe line under the dominion Pipe Lines Act. Time should be taken for public opinion to crystallize on the broad question. It involves more than natural gas and oil. We shall be faced with the same decision in connection with our iron ore in Quebec and Labrador. There is a great issue to be settled by the Canadian people. My party and I believe in conserving Canadian resources for the use of the Canadian people.

Mr. Stuart (Charlotte): Will the hon. member permit a question?

Mr. Green: No, not at the moment. I will answer it if I have time. We believe in conserving Canadian resources for the use of the Canadian people rather than the policy of the present Minister of Trade and Commerce (Mr. Howe) which is that of being liberal with these great resources so far as the United States is concerned.

Just think how the people of the United States will laugh at us when they learn there is a difference of opinion in Canada as to whether Canadians are to be looked after first. The Americans have built a great nation. They have built the most powerful nation in the world, and they have done so primarily by looking after their own interests first. They have never hesitated to see that their own interests were protected, and Canada should do exactly the same thing. The only way Canada will ever become a great nation is by seeing that we look after Canada first. I suggest that by allowing these pipe lines to be built through the United States rather than wholly through Canadian territory we are not looking after the Canadian people. We are giving the people of the United States a chance to build industries, to provide employment, and also unfortunately to attract our young Canadians to the United States for the purpose of taking that employment. That is what will happen if a development of this type is allowed to go through. Therefore I move, Mr. Speaker, seconded by the hon. member for Cumberland (Mr. Black):

That the word "now" be deleted and the words "this day six months hence" be added at the end of the question.

The house divided on the amendment (Mr. Green), which was negatived on the following division:

YEAS

Messrs:

Argue	Higgins
Black (Cumberland)	Knight
Blair	Knowles
Brooks	Lennard
Bryce	MacInnis
Casselman	McGregor
Catherwood	McLure
Church	Noseworthy
Cruickshank	Smith (Calgary West)
Fleming	Stewart (Winnipeg North)
Fulton	Tustin
Gillis	White (Hastings-Peterborough)
Green	Wright—28.
Harkness	
Herridge	

NAYS

Messrs:

Anderson	Brown (Essex West)
Applewhaite	Bruneau
Bater	Cameron
Beaudoin	Carroll
Belzile	Cavers
Benidickson	Corry
Bennett	Croll
Beyerstein	Decore
Blackmore	Dewar
Blue	Dickey
Boivin	Dion
Boucher	Douglas
Bourget	Dube
Bradette	Dumas
Bradley	Elderkin
Brisson	Fair

Ferrie	McWilliam
Follwell	Major
Fournier (Hull)	Masse
Fulford	Martin
Garland	Maybank
Gauthier (Sudbury)	Mayhew
Gauthier (Lapointe)	Mitchell
Gauthier (Portneuf)	Mott
George	Murray (Oxford)
Gibson (Comox-Alberni)	Mutch
Gour (Russell)	Nixon
Gregg	Proudfoot
Hansell	Prudham
Harris (Grey-Bruce)	Quelch
Harrison	Richard (Gloucester)
Helme	Richard (Ottawa East)
Hetland	Rinfret
Hosking	Roberge
Huffman	Robertson
Hunter	Rooney
Isnor	Shaw
Kent	Sinclair
Kirk (Antigonish-Guysborough)	Smith (Queens-Shelburne)
Kirk (Digby-Yarmouth)	Smith (York North)
Lafontaine	Stewart (Yorkton)
Langlois (Gaspe)	Stick
Lapointe	Stuart (Charlotte)
Larson	Studer
Leger	Thomas
Lesage	Thomson
Low	Tremblay
Macdonald (Edmonton East)	Viau
MacDougall	Ward
MacKenzie	Weaver
MacLean (Cape Breton North and Victoria)	Weir
MacNaught	Welbourn
McCann	Whiteside
McIvor	Whitman
McLean (Huron-Perth)	Winkler
	Winters—111.

Mr. Cardiff: Mr. Speaker, I was paired, but had I voted I would have voted for the amendment.

Mr. G. T. Fulford (Leeds): I move, seconded by Mr. Lafontaine, that this question be now put.

Mr. G. A. Cruickshank (Fraser Valley): I did not intend to take part in this debate. As a matter of fact, in spite of the discussion, this is the first time I have spoken on the motion, and my record can be checked to prove that. I am getting a little advice from the cabinet ranks, which I appreciate. I appreciate advice from anyone. If my friend wants to give me advice, I shall sit down for a moment.

I have been accused of taking part in a filibuster. I should like to make my point quite clear. Generally, I speak too quickly, and I appreciate that fact. I have no connection in any way, shape or form with the Westcoast Transmission Company, whose bill was passed last year. I have never attended their meetings, have no shares in the company, and only know one of the directors by sight. In common with the member for Calgary West (Mr. Smith), I resent some of the remarks that have been passed. All right, the more interruptions I get, the quicker it will be nine o'clock.

Mr. Smith (Calgary West): The rubber stamps can't take it.

Mr. Whitman: It sounds like a stampeder.

Mr. Cruickshank: Yes, Mr. Speaker, and we were proud to be stampeders; we can take defeat as well as victory. The other night I listened to the only member who, in my opinion, knows anything at all about oil. In so far as I know, we have one mining engineer in this house, but no geologist. We have the member for Calgary West (Mr. Smith) who, for forty years, has lived in the oil country. He has invested his money in it, and has acted on behalf of oil companies. He knew what he was talking about, but not one member of the government nor any other private member does know what he is talking about.

Mr. Gauthier (Portneuf): How much do you know?

Mr. Cruickshank: I thought I heard some bright remarks from that small district in the maritimes. The only thing they are noted for in the maritimes is that they catch some lobsters, and some they send to parliament. Someone near me mentioned crabs. In my province, we are very fond of crabs which are found in the Pacific ocean. Perhaps you would like to know how we catch these crabs. I shall tell you. We go around with a net or with a spear—

Some hon. Members: Order.

Mr. Speaker: The hon. member was not strictly in order, but I think perhaps he was provoked to speak on a subject that is not in order. If hon. members will not interrupt him, I believe he will address himself to the question.

Mr. Cruickshank: Thank you, Mr. Speaker. I think the words from Holy Writ would apply, "Forgive them, they know not what they do". It has been suggested, Mr. Speaker, that we were staging a filibuster. I do not think I can be accused of staging a filibuster, because this is the first time I have spoken on this motion. I spoke for five minutes on the amendment. If I had any connection with the filibuster, I would have no shame in saying so. I have very good reason for not being ashamed of staging a filibuster. I well remember when the sponsor of this bill before us tonight spoke for 41 minutes to talk out a resolution. His voice became extremely husky just about nine o'clock.

I remember, too, when the member for Winnipeg North Centre (Mr. Knowles) moved an amendment for old age pensions, another

parliamentary assistant spoke for 27 minutes about the poor old people—how they suffered, these poor old pensioners, and what we want to do for them; how they need help, and so on—until nine o'clock. Do not talk to me about filibusters. I was accused by a member from British Columbia, which I did not particularly like—oh, I like him personally a great deal. I should like to quote from page 2254 of *Hansard:*

> One hon. member from the Liberal benches rose to point out he was wholeheartedly in agreement with the opposition on this question. I am very happy there are not more Liberals taking that position because I would say that it is an obviously biased and reactionary position, and if there were more I would be extremely apprehensive of the future of the Liberal party.

An hon. Member: Who was that?

Mr. Cruickshank: I quoted the page of *Hansard.* It was the hon. member for Kootenay East (Mr. Byrne). Now I want to quote the hon. member for Kootenay East on another matter which is equally important. I am referring to this because a direct reference was made to me. Unfortunately I am the only Liberal member, or at least the only member on this side of the house who is in favour of an all-Canada route, apparently, but I want to quote the hon. member for Kootenay East on another matter. This is on the deduction of union dues for income tax purposes. I wonder what his fellow members of his union think—

Mr. Sinclair: On a point of order, Mr. Speaker, I do not think the hon. member is in order in quoting a comment made in a debate of this session that has been closed, and made by an hon. member who is not here tonight.

An hon. Member: Why?

Mr. Cruickshank: I cannot read it, if you so rule, Mr. Speaker; but I do not take my rulings from any parliamentary assistant.

Mr. Speaker: If the hon. member is referring to another debate in this session on another subject, he should not do so.

Mr. Cruickshank: I bow to your ruling, Mr. Speaker.

Mr. Smith (Calgary West): On a point of order, Mr. Speaker, the rule is that the hon. member cannot quote the material, is it not? But surely he may refer to it.

Mr. Speaker: I think the rule is that he cannot do indirectly what he is not allowed to do directly.

Mr. Smith (Calgary West): That is a good old rule of law but in this house it is more honoured in the breach than in the observance.

Mr. Cruickshank: I am willing to bow to any ruling, Mr. Speaker, even if I have to have the obvious objections to an all-Canada route from some of my fellow British Columbia members. When a charge is made against me, am I to understand that I cannot refer to the action of a so-called representative of union labour? If he is not here tonight, why is he not here? He is paid $6,000 a year, the same as I am.

Some hon. Members: Shame.

Mr. Mitchell: I rise, Mr. Speaker—

Mr. Sinclair: On a point of order, Mr. Speaker—

Mr. Mitchell: I rise to a point of order.

Mr. MacInnis: One of the hon. members had better sit down.

Mr. Mitchell: I do not think that is fair and reasonable. Many hon. members are absent. Perhaps they are at committee meetings. I do not know. The leader of the C.C.F. is not here, and I do not say that disrespectfully. The leader of the Conservative party is not here, nor is the Prime Minister (Mr. St. Laurent).

Mr. MacInnis: Neither is the leader of the government.

Mr. Mitchell: That is what I say. I do not think it is fair and decent for the hon. member to speak as he has. If my hon. friend wants to talk about pipe lines, let him do so and let him be decent and fair as every hon. member in this house should be.

Mr. Sinclair: I want to speak to this point of privilege. The hon. member for Kootenay East is attending the British Columbia convention of the International Mine and Smelter Workers' Union; for the past three years he has been president of the Kimberley local. I think he is doing his duty as a union man in attending that union meeting and the miners of British Columbia would want to have their miner member of parliament attend.

Mr. Cruickshank: I am getting a good deal of assistance from those in the government and those who would like to be in the government. Now that the explanation is given to me, may I say that I think the hon. member for Kootenay East is where he should be and I withdraw the remarks I made with regard to his not being here tonight, which were forced on me by a junior member from my province. I withdraw the remarks. The hon. member is where he should be. I hope he will explain to his fellow union members why he was in favour of the exemption of union dues one minute and yet ten minutes

afterwards voted against it. At least I think I can claim that I have been consistent in my stand in connection with the pipe lines.

It is an easy matter to talk the bill out. If we wanted to talk this bill out, we could talk on it for a week. Like the hon. member for Calgary West (Mr. Smith), however, I have no intention of doing so.

An hon. Member: Sit down and let us vote on it.

Mr. Cruickshank: Some members from British Columbia have their own privilege, their own right and their own duty to their respective ridings, Mr. Speaker. Incidentally, if I in conjunction with some other members have done nothing else, I have contributed greatly to the financial success of the Chateau Laurier and the Lord Elgin hotel. I have also contributed a good deal in my small way to the legal profession. The lawyers have been down here for three weeks going back and forward between the two hotels and the parliament buildings with regard to these two pipe line bills, lobbying against building a line through Canada; but they have not visited room 565 as yet.

As I cannot quote from these copies of *Hansard*, Mr. Speaker, I will put them away. As I say, I think that any member of this house will give me credit for consistency, in that respect being unlike some other so-called union members. I am going to quote just one editorial from a paper in my riding. I want to point out to you, Mr. Speaker, if I may—and repeat a remark that has been made before—that there are not eighteen people in British Columbia who are in favour of the United States route. The obvious answer is that out of eighteen members from that province, they could not get a solitary member to sponsor the bill. I defy any member from the province of British Columbia to rise in his place tonight and tell me of any organization in his riding that is in favour of the United States route. Of course they cannot do it. They are afraid to do it.

I will just name one organization. Wait a minute. I have some documents here; I have a great many of them but I do not want to take up the time of the house in referring to them, Mr. Speaker, because I do not want to delay the proceedings. I have one document from a northern riding; it is from the board of trade of Prince George or Fort George; there are so many Georges in that northern country that need to be developed, and there is apparently no desire on the part of some to develop them. But this is from the board of trade demanding an all-Canadian route, or rather it is from the associated boards of trade. I could take the time to read it to you, Mr. Speaker, but I do not want to delay the house. The associated boards of trade of the Fraser valley and the lower mainland demanded a route that would serve the best interests of all Canada.

I am just going to read this. I do not like to boast. It is seldom that I mention Fraser Valley in this house, but we have a fine riding there that needs to be developed. We have some five fine newspapers. To the best of my knowledge there are two weekly-newspaper editors who are members of this House of Commons. There may be more, but I know there are two. One of the newspapers in my riding, in two out of three years, won the Mason trophy as the best weekly newspaper in the Dominion of Canada. I am proud of that fact. I am just going to read you a little editorial in answer to one of the members, who talks one way and votes another way five minutes afterwards, with regard to union dues. I am going to answer him by just reading from the newspaper, the Fraser Valley *Record* of November 16, 1949. It mentions me, of course, and in all modesty I do not like to mention myself if I am sure that somebody else is going to do it before I do. I want you to note this, Mr. Speaker, as I want some of these other British Columbia members to note it. The heading is "Develop Canadian Payrolls First". I will read this because it should be of vital importance to some of the members from the province of British Columbia. It states in the headline "Develop Canadian Payrolls First". Now, let me go back, before I go on to read it. Last year I was interviewed—I was lobbied—"Don't sell our logs to the United States to be cut into lumber and put into pulp. Let us cut them in Canada. Let us produce lumber in Canada. Let us produce large payrolls and develop Canada."

Then the poor fishermen, the members of these unions, had an opportunity to sell their fish in Seattle at a higher price than the Canadian canners would pay for them. These same interests came to me saying that we must not sell our fish there, that we must not sell our fish in Seattle—"Let us can them in Canada. Keep Canadians at work and develop Canadian industry". These are the same individuals who are today opposing the development of Canada by an all-Canadian pipe line route. That is only incidental, but it is very typical.

It reminds me of the old saying that it depends on whose ox is being gored. I shall now read this article from the Fraser Valley

Record dated November 16, 1949—and I think I am justified in repeating the heading: "Develop Canadian Payrolls First". It states:

An interesting mixture of B.C. members, including of course if it was interesting, Fraser Valley's own George Cruickshank—

And I am very glad that is in there—

—co-operated in the house on Friday night to "talk out" a natural gas pipe line bill. B.C., and all Canada for that matter, should be very pleased that they did. The company had already admitted in Senate committee that it favoured routing its pipe line via United States to the Pacific coast, ostensibly to reduce construction costs.

The Pacific coast cities south of the border, under this proposal, would get Canadian gas first and, if Vancouver, New Westminster and the Fraser Valley ever got any gas at all it would presumably only be through a branch line.

For too long the west at least has been allowing its resources to be shuttled over the border in an unfinished state. In this condition we provide only the minimum of employment to mine or cut or catch the particular resource. The big industrial payrolls that result from manufacturing or processing these products go to enhance the wealth and prestige of our neighbours and competitors.

Let us not make the same mistake with this new resource. If industries are to be developed with the aid of this product let them first be developed in our country. If we have some gas to spare, let the branch lines be run across the border.

To the four B.C. members who joined in Friday night's filibuster, representing Liberal, C.C.F. and Conservative faiths, we say "good work."

Let me see an editorial like that from one of the other ridings.

Mr. Speaker: If I may interrupt the hon. member, I would refer him to paragraph 265 in Beauchesne, third edition, which reads as follows:

It is not in order to read articles in newspapers, letters or communications emanating from persons outside the house and referring to, or commenting on, or denying anything said by a member or expressing any opinion reflecting on proceedings within the house.

I do not think the hon. member should continue to read the article.

Mr. Smith (Calgary West): On the point of order, the Prime Minister of this country today in the house read articles from the Toronto *Daily Star* and the Toronto *Telegram* without any difficulty whatsoever. The hon. member for Fraser Valley (Mr. Cruickshank) is doing nothing different from what was done this morning by the Prime Minister.

Mr. Church: Nine o'clock.

Mr. Speaker: I do not know the incident to which the hon. member for Calgary West refers. However, I am reading from Beauchesne, third edition, which is recognized as an authoritative work on parliamentary procedure. If the hon. member for Calgary West had brought to my attention the reading of newspapers by any hon. member, reflecting upon the proceedings in the house, I would have brought it to the attention of the hon. member who was reading.

Mr. Smith (Calgary West): With great respect, Mr. Speaker, I do not think you were here at the time. I am perfectly certain if you had been you would have enforced the rule against the Prime Minister just as you would against any other member in the house. That is what I, and this party, think of you as Speaker of the House of Commons.

Mr. Speaker: If an article was read this morning, then perhaps I should allow some latitude to the hon. member for Fraser Valley this evening. Under the circumstances I shall allow him to continue.

Mr. Cruickshank: If I have offended, I am sorry. I should like to read from the Chilliwack *Progress* about the "great Cruickshank", but for fear of transgressing the rules I will not read it. But I can assure you, sir, and through you all members of the House of Commons, that ninety-eight per cent of the population of British Columbia approve of my consistency in this attitude.

Mr. Casselman: Nine o'clock.

Mr. Cruickshank: And I have never heard any member with the audacity to get up on the floor of the house and say that he has any support from any other section.

On motion of Mr. Cruickshank the debate was adjourned.

Mr. Speaker: It being nine o'clock the house will resume the business which was interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

252. Departmental administration, $794,605.

Mr. Blair: Mr. Chairman, some two weeks ago in the house when we were discussing a resolution presented by the hon. member for Eglinton, in which he asked for a committee on health, a debate on health matters ensued. At that time we had an opportunity to discuss matters of health in Canada. Unfortunately the Minister of National Health and Welfare was not in his seat at the time, because he was absent on other important business.

The opportunity to speak on health matters is usually limited to three or four hours toward the close of the session; yet it is one of the most important matters debated in the House of Commons. During the debate on the resolution offered by the hon. member for Eglinton I placed before the house certain

important statistics showing the state of national health in Canada, and suggested certain remedies for that condition.

There is no occasion to repeat the statistics I gave at that time, but the brief summary I placed on record concerning our national health served to show that the picture at the present time is not reassuring. I pointed out the change that had taken place in the last two or three decades in respect of the principal causes of death. I attempted to show that the diseases which formerly headed the list as causes of mortality had changed, and that such diseases as old age, heart disease and cancer were now at the top of the list, and were the leading causes of death in this country.

The diseases I have mentioned should have the attention of all workers in the field of public health. While they may not contribute to a rise in the mortality rate they offer a challenge to the research workers of this country.

In a previous debate I mentioned the prevalence of mental diseases and drew attention to the shortage of hospital beds for these cases. We could also debate other matters such as sewage disposal, contamination of water and so on. These are important matters that should be brought before this house. I drew attention to the need for more housing space, the necessity for the rehabilitation of disabled persons, the high accident rate in this country; these are things that should be discussed when national health matters are being considered.

There are no statistics available with regard to the rehabilitation of disabled persons, but we can take into consideration tubercular cases released from sanitaria, cardiac or heart cases, the blind and the enormous number of those mentally afflicted, and those who have been physically handicapped by accident or disease. Many of these people are invalids who require care and support, and in spite of the progress we have made in finding new ways to rehabilitate those who are handicapped, they still pose a problem. We still have many obstacles to overcome and there is still much to do.

We do not feel that the situation is entirely hopeless because new weapons are now available in the fight against disease and suffering and we have every reason to believe that national health can be raised to a level higher than that which exists at the present time. If each province and the dominion take the proper steps to put into force and use the new knowledge acquired from research in the last twenty years, the condition in so far as this country is concerned will be corrected. But it will require sound planning, it will require adequate financial support, it will require courageous leadership, and it will require above all the active application of the products of research. There is no doubt that there has been marked improvement in the health of this country. As each province has control of its own health matters we should congratulate the leaders of those provinces upon the splendid improvement that has been brought about in recent years.

As I have pointed out several times, there are two matters which should be kept constantly before us in the consideration of health matters. The first is the necessity of opportunity for treatment and the second is the urgent necessity of applying the results of research, whether in the matter of treatment, hospitalization or prevention. The opportunity to procure treatment in the early stages of a disease is most important. Hospitalization is often beyond the means of a large part of our population.

The cost of hospital accommodation has increased greatly in the last three or four years, although there were signs of increased cost during the war. There has been an increased tendency for people to seek hospital treatment. This is a most expensive item in the budget of every family. There is a reason for this in the fact that it is difficult to obtain help or nursing services in the home. Any one of us can picture the financial blow it is to one of moderate means when faced with a large bill for hospital treatment and accommodation.

This sort of treatment is more expensive for certain types of disease and the facilities for hospital treatment that we have are inadequate to cope with the emergency which exists at the present time. Hospital accommodation is particularly inadequate in the case of mental diseases, tuberculosis and incurables. At the present time many incurables are occupying beds in public wards of hospitals. It is true that they are receiving care and treatment, but our hospitals are short of accommodation and these people are occupying beds which are urgently needed for acute cases.

While the results of research in the last decade have accomplished wonderful things it should be pointed out that some of the newer types of treatment are very expensive, but even though that may be, it is highly necessary that all our people have the advantage of the new products of research. The new product cortisone for the treatment of arthritis, a disease which has been referred to in this house many times and we are watching with interest the clinical results of the administration of this drug. We hope that this will prove the answer to arthritis

which has baffled our research workers and which leaves behind a trail of suffering and chronic invalidism.

There are four objectives we should keep in mind. First, the control of infections; second, health education; third, sanitation; and, fourth, preventive services. In the past those four objectives have produced marvellous results and in order to obtain the best results we should see that those objectives have been attained in every section of our country. In the last four years remarkable progress has been made in health education and it is important in carrying out any scheme for the betterment of health conditions in Canada that our population should be educated, not only in the prevention of disease but on how to take full advantage of early diagnostic measures which may be available to them.

Take cancer as an example. Early signs and symptoms of this disease may often give warning to a patient who has read about it or who has attended lectures and knows something of the symptoms. If he feels that something is wrong he should have an opportunity to attend some clinic or see his own physician and have a proper diagnosis made. Warnings may be noted by a patient at an early date but if they are neglected it means a great deal in the further treatment of the disease.

Voluntary agencies are doing a splendid work in health education. At the present time the Kinsmen are putting on a mass X-ray program in Ottawa and free X-rays are available to the citizens for the diagnosis of tuberculosis. Even though only a few cases of tuberculosis are found, a great work will have been done. These people will be able to seek early treatment, and if they are infectious they will be removed from the population thus hindering further infection by this terrible disease. There may be some variation in the statistics for various parts of the city as to those who are infected, but in so far as the final result is concerned the importance of getting the patient under early treatment in the first stages of the disease cannot be overestimated. I congratulate the Kinsmen or any other service club working in this field.

Poliomyelitis or infantile paralysis is still a problem for research work. We sincerely hope that research in poliomyelitis will advance to the point where we can get control of this terrible, crippling disease. In providing free hospitalization for sufferers from poliomyelitis, my own province of Ontario has been a pioneer in this work. Many of those who might otherwise have been crippled are able to make a complete recovery owing to hospitalization with physiotherapy and other measures which are used by way of treatment to prevent crippling. It saves a great many of these young people from being permanently crippled.

Over the years it is certainly true that wars have stimulated research, and the means by which lives can be saved have been developed in that time of stress. We have found out a great deal about the treatment of disease, surgery and preventive measures. Even if we had the assurance that there would be no more war, we should intensify our efforts to destroy disease and suffering. I should like to think that some time in the future a healthy world may mean a peaceful world. It is essential that health in our dominion be deemed as important in peace as in wartime.

I cannot discuss these matters without bringing to the attention of hon. members again the increasing number of admissions to mental hospitals. I talked about this matter at the time the other resolution was before the house. I cited statistics and proved to the house that our mental population was increasing faster than our general population. It is most unfortunate that in all the provinces of Canada there is a marked shortage of beds for mental cases. It is a curious fact that mental diseases which cause so much suffering and confusion have received so little attention from preventive medicine until the last few years. Psychiatry is now taking its proper place, and there has been much added to our knowledge and treatment of these diseases. We are now able to provide intensive treatment with excellent results. It is not my purpose to discuss this at this time because it has previously been debated in the house, but there was a time in the treatment of mental disease when all the treatment amounted to was custodial care.

There will always be huge problems to be solved in the field of national health, and as present problems are solved others will arise to take their place. We must be ready to meet any change in situation and to keep pace with the times. We must face the matter realistically day by day, and we must have courage and determination to build for the future in the interests of the people of Canada.

I now come to the question of the administration of the health grants. These were introduced on the 14th of May, 1948, by the former prime minister of this country. I again take issue with the Minister of National Health and Welfare, as I did last year, regarding the manner in which publicity is

given to the press and over the radio in connection with these grants, and particularly those to hospitals. Hospitals are now in a serious financial plight, and added to the troubles which they already bear is the serious and alarming shortage of beds. I again point out to the minister that health is primarily a matter within the jurisdiction of the provinces. Over the years it must be admitted that the provinces have done marvellous work in the field of public health, which was mainly accomplished by their own initiative and with their own resources. In the accomplishment of their great work they have done little or no advertising. The work was performed quietly. They felt that the work in the provincial field performed by the departments of health of the various provinces was the job they should be doing.

There are many other agencies which are also responsible for the achievements which have been made up to this time. Certainly not all of the progress made to date has been due to the Department of National Health and Welfare. I again point out to the minister that advertising, no matter in what form it is displayed, has not been part of the traditions of the medical profession, or of any other agency interested in healing. Nurses, physicians and surgeons, hospital executives, and voluntary agencies have toiled over the years in the interests of the people for the elimination of misery and suffering. The minister is learned in another profession, but he has never been schooled in the centuries old traditions of the medical profession and those who have been associated with the science of healing.

I may say, Mr. Chairman, that it is becoming distasteful to read and to listen to the publicity given his department which is flaunted before the public as if health departments and health grants had never before existed. I give you an example of this type of publicity. The *Globe and Mail* of December 1, and I may say most of the other daily papers, but I specially mention this one, carries an article with the headline:

Ottawa grant $560,000, Martin praises hospital.

The Sick Children's Hospital of Toronto is a wonderful institution, and throughout the years has been doing marvellous work in the care of crippled children and those ill from other diseases. There are many people, not only in Toronto and the province of Ontario but also in the whole Dominion of Canada, who are grateful for what has been done for their children by the Toronto Hospital for Sick Children. It has been supported by the city of Toronto and the province of Ontario, and by donations from people throughout the province and the Dominion of Canada who

are aware of the great work being done by the institution. They are aware of the wonderful work that has been accomplished in dealing with children, and we are all sympathetic with it.

I understand the cost of the extra accommodation required at the present time will be $12 million. The province of Ontario has made a grant of $2 million. The city of Toronto has made a grant of $1 million, and the Department of National Health and Welfare has made a grant of $560,000. There is a demand, not only in Toronto and Ontario but throughout the whole country, to provide further accommodation. No doubt such accommodation is going to cost a great deal of money. I cited the fact that it will cost about $12 million, but any person reading the headlines which have appeared in the press lately would be led to believe that it was a project of the federal government and of the Minister of National Health and Welfare.

It would seem that every grant made by the department for hospital construction is the occasion for a rash of publicity in the press and over the radio. I congratulate the minister on backing up the financial appeal in connection with this hospital. I think it is a very worthy object; but on the other hand I think I have read or heard of every grant given under his administration, either over the radio or in the press. Evidently the minister does not believe in the old scriptural adage of hiding his light under a bushel.

I have not seen any references to the grants given for hospital construction by the province of Ontario, though those grants were in existence before May 15, 1948, when the federal grants were brought in, and are larger than the grants given by this government. While I am speaking on these grants I want to quote from page 6179 of *Hansard* for June 30, 1948, where the minister was being questioned by the hon. member for Vancouver-Quadra (Mr. Green):

Mr. Green: May I ask a question? Who is to make the decision about where the help is to be given? Is the dominion taking that responsibility?

Mr. Martin: Oh, no . . .

Mr. Stephenson: As I understand it, the grant will be made by the dominion to the provinces as a lump sum. A municipality desiring assistance will have to make application to the provincial government. The federal government does not intend to allocate any moneys to any particular hospitals.' That will be decided by the province. Is that right? In other words, where a particular municipality is asking for some assistance for a particular hospital—

Then the minister interjected:

Mr. Martin: They should write to the provincial government.

Mr. Stephenson: —the minister's position is that they should write to the provincial government?

Mr. Martin: That is right.

It has become very tiresome to hear all this fanfare and publicity every time a grant is made. It would seem the minister has some desire to emulate Little Jack Horner in the children's story, because every time he sticks in his thumb and pulls out a plum he addresses the public and says, "What a good boy am I! Look what I have done!"

When I come to the question of a health policy for Canada, this is part and parcel of the policy of every political party in this house. We may not have the same ideas as to how we are to accomplish it, but we are all striving toward and looking forward to the same objective. The cost of hospitalization is high at the present time, and is becoming very difficult for people to pay. Anyone who has had experience in these matters knows how difficult it is to get a hospital bed even in the city of Ottawa; and this condition exists right across the country. Over the last week end I tried to get a patient into hospital, and I was told that the place was simply jammed and there was no accommodation whatever. It is a serious situation, sir, when a person who is ill and requires hospitalization and treatment is unable to obtain a bed in a hospital.

I mentioned the cost a moment ago. It is becoming beyond the means of the average person to pay for hospital care in a public ward, let alone a private room. Take a man in ordinary circumstances, living on his salary and owning his home. If he is faced with the cost of lengthy hospitalization for some member of his family he will probably end up with a mortgage on his house to pay the cost, and will have suffered a financial blow from which he may never recover. It is becoming more and more necessary that we take some forward step to implement some kind of plan that will give relief in this direction.

On political platforms during the last election campaign we heard a great deal about a health plan. We even heard the blame for the absence of that health plan laid on the doorstep of certain provinces. Not only during the period before June 27, but also in the Leeds by-election contest between the Progressive Conservatives and the Toronto *Star* this was brought prominently to the attention of the people by members of the Liberal party in this house. They were told that the failure of certain provinces to reach an agreement was the reason for the lack of any such plan.

In dealing with this matter of a health plan I liken the minister to an old-time practitioner who has been called in to treat a patient. After he has treated him for some time the family become anxious, because he does not admit that the disease is new to him. So he says, "Well, just keep on giving him doses of my special soothing syrup at regular intervals, and some time within the next three or four years I may find a cure." It is part of the policy of this party to initiate a health plan for the people of this country. It is all very well to keep stating that a health plan is part of the policy of this government, but I point out to the minister that the very things we hope to eliminate by the introduction of such a plan are in existence at the present time. There is no holiday, Mr. Chairman, from misery and suffering.

Mr. Knowles: Mr. Speaker, I am sure we have all listened with keen interest, as we always do, to the remarks of the hon. member for Lanark (Mr. Blair). He always brings to the debate, on health matters particularly, the experience he has gained as a medical doctor and also a very obvious interest in the welfare of our people.

We are glad to note that the estimates of the department for this year, which are now before us, are up by some $19,402,227 to a new high of $396,348,311. I suppose some will say it is an old cry on the part of some of us, but I still think it is basically true that if this amount of money indicates the proportion of our national wealth that we are prepared to spend on the work of this department, we have not yet become sufficiently health and welfare conscious in this country. I realize that this is not the grand total. In fact I read with interest some weeks ago the report of a speech by the minister in New York, I believe, in which he made the statement that we were now spending in Canada close to a billion dollars a year on health and welfare. I was interested in where he got that figure, in view of the fact that the total for his department is less than $400 million; but on more closely reading the report of his speech I gathered that he had in mind the amounts spent at all levels of government, and perhaps amounts spent privately as well.

Basically the problem in connection with health and welfare is a financial one, to put it in the terms we understand most readily; but the problem is even more basic than that. The fundamental question is, do we value the health and security of our 13 million Canadian people sufficiently to plan the use of all our resources so that a sufficient portion will be set aside to take care of all our needs in the field of health and welfare. The present minister should, and I hope he will, do his share of fighting within the cabinet of which he is a member for an ever larger proportion of the national income for this purpose. If before I am through I say some things that are a bit critical, I hope he will realize that

we on this side of the house are trying to be helpful, and that we are backing him up in his claim that more of the wealth produced in this country should be diverted to improving the health and security of our people.

In connection with the whole question of health, we welcome every little step forward. I am sure that the minister will recall the enthusiasm with which this group greeted the announcement of the Prime Minister in May, 1948, even though we knew at the time it failed to go as far as had been indicated in the previous pronouncements of the party. Nevertheless, I feel that I must say again that, in our view, the steps that have been taken with regard to health are just a beginning. In fact, they must be criticized as woefully inadequate.

As I see it, there are three things that the people of our country need before we can say that we are diverting a sufficient proportion of the wealth we produce to the care of our health. First of all, there must be the necessary personnel and equipment. There must be the doctors, nurses, dentists, technicians and all the people who work in the health field. Along with those people, there must be a sufficiency of hospitals, clinics and laboratories, to which patients may go and in which research work may be undertaken. Until we have a sufficient supply of personnel and equipment to take care of the health needs of our people, there is no room for the boasting that has been so aptly characterized by the member for Lanark (Mr. Blair).

As I see it, in addition to having doctors, hospitals and facilities, there must be ways and means to enable our people to get the medical services they require. In other words, it is no use having the best trained doctors or the best equipped hospitals, if our people cannot afford to go to them. That means we must make some real strides in the field of health insurance. I shall not go into too much detail on that subject at this moment, because there is an item for health insurance studies, and when we reach it I should like to ask the minister some questions. I am afraid they are the same questions that have been asked from this corner for many years. I hope, however, we shall receive more satisfactory answers this year than we have had in the past.

The whole point of health insurance is to make it possible for our people to be in a position where they can afford the services that should be provided. The idea of health insurance is to spread the costs around. No one in this chamber tonight, and the same is true of any collection of people of this number, knows which of us will need hospital or medical care within the next few months or next year. It is a certainty that a percentage of us will need it. It so often happens that the need hits those who can least afford to pay for it, and vice versa. Surely, it is the civilized, common-sense thing to do, to plan the provision of medical and hospital care on some over-all basis, so that we shall be able to avail ourselves of those services.

I feel that both of those requisites I have discussed so far, the provision of personnel and equipment, and health insurance to enable our people to pay for the services that should be available, are of extreme importance. I am not satisfied, and I think that is the view of all Canadians, not just the view of a person in political opposition, with the pace of the progress we are making. The member for Lanark (Mr. Blair) has had something to say about hospital construction, and the shortcomings there are in that phase of the matter. I have already indicated that the answers we have received in the past with respect to health insurance suggest that progress in that field is particularly slow.

In addition to having personnel and equipment, and having health insurance to enable our people to pay for medical and hospital services, it is also the case that a large section of our people need to have sickness benefits. By "sickness benefits" I do not mean merely insurance to enable the people to pay hospital and doctor's bills, but a benefit to take the place of the pay envelope which so often stops in time of illness. I know that there are people in our country, no doubt some of them in this chamber, to whom this whole idea of the community concerning itself in the health and welfare of all, this whole idea of social security, is somewhat repugnant. The plain fact of the matter is that in our modern, highly complex industrial economy, no man liveth unto himself; no one is able to provide for all the things that can happen to him beyond his own control. It has become true that we stand or fall together. The sooner we move forward along the line of these common-sense ideas in the field of health, which I have tried to outline, the better it will be for all concerned, and for the nation as a whole. I feel very strongly that that is the position that should be taken by this government in the field of health; that we should get all we can in the field of personnel and equipment, that we should get health insurance on the statute books of this country without delay, and that there should be sickness benefits for our people in time of illness.

When I mention the latter subject, it does go further. It calls for an over-all social security program, towards which we must move as rapidly as we can. For the moment,

I was trying to relate it particularly to the whole question of health. As I have indicated, however, this whole question does go over into the field of social security which falls within the jurisdiction of the same minister. Once more, I feel that it is not just a matter of something someone says because he is in political opposition, but it is a plain statement of fact that our people are not satisfied with the snail's progress that is being made in the field of social security, particularly with respect to old age pensions. In that connection, Mr. Chairman, while the question of old age pensions is a many-sided one, including such aspects as the amount of the pension, the age of the recipient and the means test, I should like to concentrate a few moments of my time tonight on the means test. It seems to me that there is no excuse for going any further in the life of this parliament without that old age pension means test being removed. Oh, I know there was a time when it was thought to be a perfectly proper part of the old age pension legislation. But that day disappeared at least five or six years ago. As the hon. member for Lanark has said, we have reached the point where all political parties in this house advocate the removal of the means test from the old age pension. Not only is it the case that all political parties advocate it, but from my contacts with people back in the constituency and in the city from which I come, and from the number of letters that I am receiving on the subject, I am convinced that the means test is now the most obnoxious feature of the old age pension as it stands.

Mr. Martin: On a point of order, Mr. Chairman, I have a duty in conducting these estimates through the committee. I do not want to interfere with the generality of the hon. member's discussion, but I suggest to him that we are now on the general item. There are specific items covering the matters with which he is now dealing. I do not rise to suggest that he should not go on, but I rise to point out that, inasmuch as the hon. gentleman himself is familiar with the rules and practices of the house, it might be better for him to wait until we reach the specific item that he wishes to discuss. What the hon. gentleman has said thus far has been fairly general but I suggest that, as to the particular item he is now on, we could deal more specifically with it when we come to the specific item which will be reached in due course.

Mr. Knowles: I am not quite sure whether the minister is raising a point of order or whether he is just making a suggestion.

Mr. Martin: I am just making a suggestion. I do not think I need to raise it as a point of order. I just make the suggestion. I am sure it will commend itself to the hon. member because there is no man who knows the rules better than he does.

Mr. Knowles: It seems to me that the minister's objection could hardly be raised as a point of order. After all, the item before us is the general administration of the whole department; it is not the general administration of the health branch or of the welfare branch. There are those items in the estimates as well. No objection was taken to my good friend the hon. member from Lanark making a general speech but nevertheless one in which he mentioned specific things such as the health grants and so on. It would seem to me that it might be better if we went on.

Mr. Martin: We shall have two debates; that is all.

The Chairman: I think we should avoid the duplication of debates. We should not have two or three speeches on the same thing. In order to avoid that, it would be better to wait.

Mr. MacInnis: On the point of order, Mr. Chairman, we are discussing now the administration not of the health branch or of the welfare branch but of the Department of National Health and Welfare. The matter of old age pensions is a part of welfare. If you are going to rule out welfare, the next person who gets up and talks about health will have to be ruled out too; because on the basis on which you rule one out, you must rule the other out also. It is not a question of whether there is going to be one debate, two debates or three debates. It is a question of whether on this item you are going to allow such a debate on this subject as we have had on all other items, that is, covering the whole department.

Mr. Knowles: In addition to what has been said by my colleague, the hon. member for Vancouver East, Mr. Chairman, it seems to me that the practice of the house is fairly well established that on the first item of a department a general discussion is permitted. I would remind you, sir, that when we were on the estimates of the Department of National Defence we carried that general practice to quite an extreme. The first item in that department was a specific one, No. 239, grants to military associations, etc.; but because it was the first item there was no question, and we had a discussion on national defence that ranged all over the world. I would think that it might actually facilitate discussion here to follow the same practice.

The Chairman: I did not make any ruling. There is no point of order before me.

Mr. Knowles: That is fine. Then let me carry on.

Mr. Martin: But I suggest that the hon. member bear the suggestion in mind.

Mr. Knowles: I might have been through if you had not interrupted.

What I was saying, Mr. Chairman, was that in the remarks I want to make now with respect to old age pensions I am concentrating on one phase of the subject. I feel that the amount should be higher. I feel that the age limit should be brought down. But at the moment I think that, to our Canadian people, the most obnoxious feature of the Old Age Pensions Act is the means test. I think that one of the reasons it is particularly obnoxious is what was done in the session just before the election. You will remember that at that time the amount of the pension was increased, and that move was most acceptable; but the ceiling on the total income that pensioners could have was left where it was. That had the effect of actually reducing the amount of other income that pensioners can have before their pensions are reduced.

For example, it used to be that a single person could have $20 a month other income before his pension was reduced. Now a single person can have only $10 a month other income before his pension is cut down. It used to be that a married couple could have $30 a month between them by way of other income before they suffered a reduction in the amount of their pension. Now a married couple can have only $10 a month other income, or $5 each, before the amount of their pension is reduced. I think the minister will have to face the fact that it is largely because that amount of other income was narrowed as it was that people have become more incensed than ever over the means test. The fact is that a great many more persons than formerly now feel the effect of the means test and it comes fairly hard.

In addition to that, the cost of living has continued to rise and our older people have found it even more difficult to live as the months have come and gone. They are now finding that it costs them more to rent quarters in which to live, and all of these things have added to the burden on our old people. While, with thousands of them, the real issue is a larger pension, still it is also true that with a great many thousands the means test is the issue, and it is the feature that seems so particularly mean. Even if they are suffering as a result of it, people try to understand the government's not being able to raise the pension to a higher amount. But they simply cannot understand the meanness of the means test which places a penalty on people for such thrift as they have been able to exercise. In addition to that, there has been brought to our attention in recent months the collective bargaining for pension rights that has gone on particularly in the United States where some firms have granted pensions to their employees as part of what they are working for. But in those cases the pension is related to the old age pension or the social security benefit provided in the United States. For example, some of the companies there have now provided that their employees will get, when they retire, a total pension of $100 a month. But it is understood that that pension is made up of what they get from their government social security plus an amount from the company to bring it up to $100 a month. Trade union workers in this country know that there is no point in their trying to get that kind of an arrangement here because if they did get a decent pension out of their employers, the means test would prevent them from getting the old age pension on top of it.

[The Chairman.]

Mr. Smith (Calgary West): Would the hon. member permit a question?

Mr. Knowles: Yes.

Mr. Smith (Calgary West): Does he not know that, in the pulp and paper industry of this country, at the age of sixty-five years all employees of a given number of years' service receive exactly that sum of $100 a month—and that is in Canada, let alone the United States.

Mr. Knowles: I know that; and in addition to that there are a number of other employees who get reasonable pensions from the industries for which they work. But their total number in relation to the industrial population as a whole is a very small percentage.

Mr. Smith (Calgary West): I can give the number. There are 1,500,000 workers in the Dominion of Canada who are subject to pension privileges from industry in Canada.

Mr. Knowles: I did not bring my figures on this phase of the matter with me tonight, because I have put them on *Hansard* before.

Mr. Smith (Calgary West): You did not need to; I just gave them to you.

Mr. Knowles: The hon. member is now indicating the number of people who are contributing to pension plans at the present time?

Mr. Smith (Calgary West): Yes.

Mr. Knowles: I question his figure, and in addition I would point out that he does not say—no doubt he does not know, because it would be hard to find out—the extent to which this pension plan to which they are contributing will be adequate for those people when they reach retirement age.

Mr. Smith (Calgary West): You mentioned $100 a month; that was the reason I interrupted.

Mr. Knowles: Granted. But my point is that such plans in the industrial field as are not adequate simply deny to these people the chance to get the old age pension, because of the means test.

Mr. Smith (Calgary West): Agreed; I do not argue about that.

Mr. Knowles: We are on the same tack, then. For example, there are today in the constituency I represent a great many retired railway workers who receive small pensions from the Canadian Pacific or the Canadian National. In hundreds of cases their pensions are just enough to keep them from getting the old age pension. They see that other people who did not contribute to a pension plan are able, because they have nothing, to get the old age pension. These people who are receiving the pension to which they have contributed do not object to the other fellow, who needs it, getting it—not by a long shot. But they do feel that, since they have helped to build up the wealth of this country, and have paid taxes and the like, they should have the same privilege.

I urge upon the minister therefore that this is an extremely important issue which must be settled without further delay. During the election campaign of last May and June, to which reference is often made when debate in the house gets a bit warm, a great many members said they would fight for the elimination of the means test. I heard many Liberal candidates in my province say that that was one of the things they wanted to fight for—that the means test must go.

I have here an advertisement which appeared in the Vancouver *News-Herald* of June 13, 1949, advertising the candidacy of the hon. member for Vancouver Centre. It says:

> I will fight for a contributory retirement pension plan for all persons over sixty-five as a right. Pending the establishment of the foregoing act, I will fight for old age pensions to be paid to men of sixty-five and women of sixty without a means test, the pension to be large enough to ensure an adequate standard of living.

That is typical of the sort of thing that private Liberal candidates said throughout the country. What have they done about it since they came here? I want to be fair and say that you could not find a clear-cut promise like that in the official advertisements of the Liberal party which came from head office. The official advertising talked of what the party had done in the past. But the local candidates in the individual constituencies knew the score, and they made promises of this kind.

My hon. friends of the Progressive Conservative party made the same sort of statements, and so did Social Credit candidates. Certainly it has been our position in the C.C.F. for a long time. Well, what are we waiting for? It is unanimous. We all say that the means test is particularly iniquitous and that it should go. All right, let's get rid of it now.

I hope the Minister of National Health and Welfare in replying to this will not simply say, as he has said so often and so nicely in the past, that this still remains one of the objectives of government policy. We have had answers something like that ever since the failure of the dominion-provincial conference of 1945-46. The minister knows that one of the green book proposals at that time was that old age pensions should be raised from what they then were to $30 a month, and that it should be paid to all Canadians seventy years of age and over, without the means test. In addition to that it was to be paid 100 per cent by the federal government.

I suppose one can give a little credit to the federal government and say that they are now paying $30 of the $40 pension to those who are drawing it in full. But by keeping the means test on many people do not get it in full. And it must be remembered that the cost of living has gone up a great deal since that proposal was made in August of 1945. That was a very commendable proposal; it brought hope to the hearts of many people. I would remind hon. members of the time it was made—two months after an election. The election was in June 1945, and in August, with the next election four years away, the government made the very interesting and worth-while proposal that the old age pension, so far as those seventy years of age and over were concerned, should be paid 100 per cent by the federal government, and without the means test.

We have reminded the minister of that proposal every chance we have had since that time; but the best we have been able to get from the minister, with his big broad smile, is that it still remains an objective of government policy. Well, let us not have any more of that this time. Let us not be told again that this change hinges upon a dominion-provincial conference and negotiations.

I am afraid that if we are not able, by hammering away, to get something done at this session or the next session, and if the government can get away without doing it

now, what will happen is that in the next election we shall have the issue of dominion-provincial relations out on the hustings, with some provinces being blamed for the government's not going ahead with its promise of 1949 or its promise of 1945.

Let the Minister of National Health and Welfare tonight, when he talks about this question, face the fact that, so far as the members of the House of Commons are concerned, we are unanimous. We want the means test done away with. We represent in that demand the views of our Canadian people from coast to coast. Let the minister not hedge about it; let him not be an artful dodger, as the Minister of Trade and Commerce called someone last night. Let us not have the statement that it is the objective of the government. Just let him tell us when it will be done, and nothing will have such complete and unanimous support from the House of Commons as the announcement I hope the minister will soon make, that the means test is to go.

Mr. Beyerstein: Mr. Chairman, in looking over these estimates for the Department of National Health and Welfare it is obvious that provision has been made for almost everything except some allowance for incurables. I would remind the Minister of National Health and Welfare of the extreme necessity for some system of allowances for those unfortunate people who have lost their earning power through accident, through injury or through some incurable disease. Provision has been made to some extent for old age pensions and for family allowances. Grants are to be made to the Canadian Welfare Council, the Health League of Canada, the Canadian National Institute for the Blind, the Victorian Order of Nurses and several others which I shall not mention. These are all worthy causes that are entitled to grants, but I suggest that the cause of the incurables is just as worthy of consideration.

Many of these people are not entirely helpless and with a little assistance they could do much toward earning their own living. I have here the Montreal *Standard* of November 19, 1949, which has an article dealing with leathercraft for tubercular patients. It gives the details of one patient who has been taught to manufacture handbags, wallets, belts and other articles and is thus able to earn his own living. There is no reason why we should not give assistance to these people in that way. Alberta has taken the lead in providing training for the victims of poliomyelitis, but we should go further than that.

This is more than a provincial matter. The unfortunate victims of these diseases and accidents are Canadian citizens and it is the duty of the federal government to provide means whereby they can be rehabilitated to earn their own living, or to provide allowances so that they will not have to depend on others for assistance. I urge the government to bring in a plan whereby these unfortunate people can be cared for.

Mr. Croll: Mr. Chairman, I listened with close attention to the hon. member for Lanark who told us that the minister had his finger pretty well on the pulse of the people, and for a few minutes I should like to outline to the minister what I consider is in the minds of the people at the present time. I intend to devote myself entirely to the question of pensions and I assure you that I shall not speak again when the item covering pensions is being considered.

I want the minister to know that at least in my opinion the question of security pensions has become one of immediate importance on the domestic scene. Workers in this country are daily becoming more security-minded. They are thinking in terms of pensions, health insurance and retirement plans. I feel sure that they are prepared to let the state assume a greater responsibility for their lives, whatever risk that entails; I feel that the risk is negligible. I submit that the wider your social security, the more secure is your democracy.

In connection with old age pensions the people are particularly disturbed about the means test. They feel that under present circumstances the means test makes the old age pension a handout. It requires the recipient to acknowledge his poverty and is a throwback to the poor laws of the last century. One writer has described it as penalizing thrift, invading privacy, and socially objectionable. I believe the vast majority of the Canadian people are unalterably opposed to the means test, and I share that view with them. I take this opportunity to reiterate my opposition to it, an opposition which stems from my very inception into public life.

The people are interested not only in individual security; they are interested in collective security. There is a feeling which I share that industry has an obligation to take care of the depreciation of the human machine in the same way that it makes provision for the depreciation of the plant machine. United States industry has already committed itself to industrial and private pensions. Making due allowance for a time

lag, the workers in this country are now entitled to and must get the same sort of security pension.

Mr. Smith (Calgary West): And are getting it.

Mr. Croll: They are not getting it.

Mr. Smith (Calgary West): They are indeed.

Mr. Croll: They are getting pensions of a sort.

Mr. Smith (Calgary West): I am sorry, I thought that was what you meant.

Mr. Croll: I should like to point out to the committee some of the statements that have been made by people who deal with pensions. According to the Toronto *Star* of September 30, 1949, George Burt, top man of the United Automobile Workers of Canada, said:

> Pensions are the number one issue on our program this year.

Then Pat Conroy, referring to pensions, said:

> This is a good start in laying the foundation for adequate social security for our workers. We have advised all our unions to include pension plans in their program this year.

Then George Burt made a further statement on September 14 that they were determined they would not accept anything less than the results of the negotiations in the United States.

Mr. Smith (Calgary West): That is not a government pension.

Mr. Croll: I am leading up to that. I point out that it will be impossible to refuse a pension to a Ford worker in Windsor when a Ford worker in Detroit receives it. It will be impossible to refuse a pension to a General Motors worker in Oshawa, when a General Motors worker in Pontiac receives it. They are both doing the same work, under the same conditions, for the same company.

I am aware that our pension problem is constitutionally involved, and that is one reason why I am speaking out tonight. A dominion-provincial conference is to be held some time in January. Not only must matters of jurisdiction and constitution be studied and discussed, they must be resolved. Unless we are able by the next session of parliament to give guidance and leadership in the matter of pensions we shall leave ourselves open to piecemeal, hodgepodge, unsatisfactory systems which will cover this country like a crazy quilt. I point this out to the minister. Pensions in Canada today lack uniformity. In the future if they are hammered out by collective bargaining they will in some instances lack stability. They will have the tendency to create problems for us rather than solve them. In the end they may not even give the security that they set out to give. What I am saying to the government tonight is that they must give leadership in the pension field. The government must set the pattern for a basic adequate pension. I know it is a great responsibility, and it calls for leadership now.

It may be that some people in the country think that we have gone too fast and too far already with social security. I do not share that view, and I do not think there are many who think that we should not now have a contributory form of old age pension. I am not one of those who are particularly disturbed by what happened in New Zealand a few days ago. What is good will remain, and it is hard at this distance to diagnose exactly what did happen. Nor was I disturbed when South Africa changed governments and took on a fascist tinge. I am more impressed by, and I think I shall learn more lessons from, the referendum on old age pensions that took place in the state of California, and the direct vote on the welfare state which took place in the state of New York. Both of these are much closer to the thinking of our people. As to contributory old age pensions, private and industrial pensions and health insurance, we have not gone far enough nor have we gone fast enough. Certainly there is need for integrating and co-ordinating the various systems that now exist, and which must be augmented by contributory old age pensions. It is true I have always been a partisan with respect to social security. Nevertheless I emphasize and want to impress again upon the government the importance of deciding on an all-embracing social security program which will give broad leadership in the confused problem of pensions. If we do not give leadership, if we continue to bicker over constitutional rights, the workers will take the solving of the problem upon themselves, and will hammer out the very best deal they can make.

Every member of the house realizes that industrial pensions have burst suddenly upon the United States scene. We have got a little time, and we can use it by doing some hard and fruitful thinking. Are we to have a contributory old age pension immediately? Are we to have industrial pensions, at least where companies are subsidiaries of United States companies, on the same basis as they have them in the United States? If industrial pensions are to be supplemented pensions, as they are in the United States, then I ask: supplementary to what and at what age? We must realize that we really have not got a

basic pension in Canada. We must do something to bring that about as quickly as we can. All I have to suggest is that between now and the time we meet again in two or three months the government should apply itself and do some hard thinking upon the very important problem with which we are now faced. We must find some solution for it; it must be solved in some way. We cannot just let it go along in any fashion at all, because we will find we will pay for it in years to come a price that we may well regret.

I repeat, my chief purpose is to point out that these are the two problems that require a solution as quickly as possible. I trust that whatever I have said will at least bring them to the forefront. I hope when we meet once again at the next session the government will have something to propose to us and to the people of the country in order to give them guidance and leadership on this most important social security program.

Mr. Smith (Calgary West): Mr. Chairman, I did not intend to speak tonight on old age pensions, and I only do so for a moment because I have another subject I wish to discuss with the minister. I point out to myself and to others some difficulties that must be in the government's way in bringing in an over-all plan covering contributory old age pensions for everybody without a means test. I know that actuaries can give an answer having regard to certain schemes which are in vogue in many industrial companies, and which are growing daily. The hon. member for Spadina referred to Detroit and Windsor, and as we know there is a controlled subsidiary carrying on in Windsor in the province of Ontario. We know that history proves that what is adopted in one place so far as industrial relations are concerned is surely adopted in the other, and today they are on practically an even basis in the matter of employee treatment.

I am not big enough or smart enough to tell the minister how to treat outstanding pensions in our railways, banks and industrial companies. The hon. member for Spadina will recall that the concession at Detroit was only made a very short time ago. In other words, he is also aware that, so far as labour is concerned, the question of remuneration has changed largely from one of wages to one of security. One need only take that great union, the United Mine Workers of America, which was perhaps in the forefront of the new labour effort. I am not deriding it at all. If one believes in collective bargaining one must believe that strong unions are entitled to bargain, and if they do not get assistance from governments they must use the only weapons they have. When I hear somebody has gone on strike I am not one of those people who immediately condemn them. I know they are using perhaps their only and certainly their best weapon to get what they think is their fair share from the earned industrial dollar. Together with the hon. member for Spadina I am and have for some time been in favour of a contributory pension which will look after not only organized labour but all our people, and particularly the white-collar workers who have no one to speak for them in this country because they are not organized.

You know, when John L. Lewis proposes something it is very easy to say, "Oh, that man again". Perhaps we use language a little more lurid than that; but if we are to be fair we must remember the condition of the miner in the United States and Canada before John L. Lewis rose to the top of that organization. To the shame of everyone, employer and public at large, those miners existed in a state which was disgraceful. Everything they got was obtained from the company store; they paid such prices as the company cared to charge; and until very recent years they lived in what were called company houses. I dislike lurid language, but they were practically wage slaves of the employers. Lewis now has a big head and thinks he runs the world, but I cannot help remembering the great advance in the comfort and incomes of the people who followed him.

I have already said I had no intention of speaking on the matter of pensions, but I do want to deal with one other subject, not in any super-critical fashion but in the hope that when the minister takes part in this debate he will deal with it at some length. I refer to the disease known as arthritis, on which I have had something to say every year since coming here in 1945. It may be that what I say tonight will be repetitive, though I hope not.

You can look at this matter in two harsh ways, if you like. The first is from the point of view of the time lost to the nation by people suffering from this illness. The figure given by the minister last session was 600,000 people suffering from that disease; I do not mean crippled, but suffering to the extent that they are unable to carry on their duties normally and earn a living, irrespective of the field of endeavour in which they were engaged. I assume that figure has increased since it was mentioned early last spring; but since that time I have had an experience which, if I were to consult only my own feelings, I should say I wish I had never undergone. Having interested myself in this matter I went to the town of Banff, where I

went through a hospital. It was not a large institution; I would not think there were more than seventy to one hundred people in the whole place.

Mr. Martin: That would be Dr. Robinson's hospital?

Mr. Smith (Calgary West): Dr. Robinson and his two sons are operating that hospital, and the father was good enough to take me through. I might add that this was after the election in June. There I saw things that would wring the heart of anyone. I am not going to mention many of them, but I wonder how many hon. members have gone through an institution like that. You are introduced to a patient who may be in bed or sitting up or perhaps even walking. The first thing that would occur to any of us, having been introduced, would be to shake hands; but when I put out my hand to a dear old lady I found she could not shake hands with me. All she could do was put her fist in my hand. Both hands were so tightly closed with this terrible disease that they were simply fists, and of course immediately I saw the swelling in the knuckles and joints.

I will admit that I was rather taken aback. I had been talking about this illness in the House of Commons. I knew the odd friend who was suffering from it, and had sustained a considerable dose of it myself. Then I went on and Dr. Robinson took me to a verandah, where I saw a little girl six years of age with the most beautiful face I have ever seen. I do not think I am exaggerating in that statement, because we all know that suffering often creates beauty, particularly in children. There she was with both legs and both arms utterly useless, with no development whatever. That child was in a condition from which, of course, she could never recover, so great was the hold the disease had taken upon her.

Then I saw a boy, to whom I spoke for quite a while. He was seventeen years of age, and looked fine. He shook hands with me and seemed quite happy. I said to Dr. Robinson, "I thought these were all arthritics." He replied, "Just a moment," and pulled down the blanket. Then he said, "Look at that knee." That seventeen-year old boy had a knee as big as a child's soccer ball. By that time I was pretty well sunk; but the doctor said, "Would you feel it?" I thought that I was being a little forward, but the lad laughed and said, "I don't mind, Mr. Smith," so I took my fingers, as I had seen the doctor do, and rapped that knee as I am rapping the desk now. It was solid bone. That boy of seventeen years was crippled for life; there was nothing they could do with that leg except cut it off. There just was not and is not anything known to science which would be of any help to that young fellow.

Then I talked with the three doctors there. Since then I have talked with others, including my good friend from Lanark. As I understand it, the medical view is that we have advanced to the point where much can be done by way of special exercises and that sort of thing for people suffering from this disease but not completely crippled by it. But—and I make this statement with some timidity—as yet there is nothing known in the world about the cause. I know there is a kind which is not unusual; that is the traumatic type. Some of you who have played football may have a knee or some other joint which was injured, and an arthritic condition may immediately result. But as far as my inquiries have gone there just is not anything known about the origin of the rheumatoid kind, particularly where the disease is muscular. It appears to resemble rheumatism; that is where the phrase "rheumatoid arthritis" came from; but as yet we have found out practically nothing about it.

I am happy to learn that at an institution which I visited a little over a year ago some fine men have developed something which is called cortisone. It is developed in such minute quantities that it is not available as yet for the ordinary person, although I was happy to see in the newspaper the other day that these people were good enough to give Canadian research people some of it. The minister will correct me if I am wrong, but I believe our Canadian research people received a small portion of this drug in order that they might do some work on it. I believe it is derived from a gland in hogs, but you have to kill more hogs than can be killed in Chicago to get enough of this thing. The world is now searching, therefore, for something from which this drug might be produced synthetically.

Mr. Martin: Would the hon. member permit an interruption? This is an important matter, and I do not think I am over-exaggerating when I say that. I remember on one occasion I made a statement in this house, as a result of which many letters were received from many people who were suffering from this illness. As a result of that I thought that thereafter, whatever I would say about it, would be said only after the most careful consideration. There may be some people in this country who will form a judgment, from the last remark of the hon. member, that would not be justified under all the circumstances. I know he shares with me the desire to refrain from stating any more than the actual situation. I am not criticizing, but I felt if I did

not say something now these remarks would be misconstrued and raise false hopes, at a time when I think the situation requires clarification. I propose to do that at the first opportunity.

Mr. Smith (Calgary West): I appreciate the interjection of the hon. minister, and I shall now try to see to it that nothing in my remarks will raise those false hopes.

I was just about to say that this drug is, in no sense as yet, a cure. The most that one can say about it is that it does give temporary relief. I believe that is what the minister had in mind. I believe a great deal more work has to be done upon it. It cannot be regarded as a cure, or even a palliative for general use. I believe, Mr. Minister, I have gone as far as anyone can go in endeavouring to protect you from what you might have feared.

Mr. Martin: I think your statement is extremely helpful.

Mr. Smith (Calgary West): Thank you. I mention that to show that successful work is being done, and I hope that some day there will be a corrective medicine for arthritics which will be what insulin has become for the diabetic. We well remember that insulin was not produced in a moment. It was produced after great study and research by Canadians working in the university of Toronto laboratories.

I turn now to this: Surely, there must be some way we can find the cause. It is not good enough to say that if you get this disease we can relieve those pains. I know a little bit about arthritic pain. The hon. member for Simcoe East (Mr. Robinson), if he were here and could rise on that arthritic knee of his, would agree with everything I have said up to the moment. I hope that when the minister takes up this subject he will devote some time to telling us what we in Canada are doing, not only in attempting to relieve a condition that is not permanent, but with respect to finding the cause. Mr. Chairman, the minister has nodded his head to indicate he is going to speak, so I shall conclude my remarks.

Hon. Paul Martin (Minister of National Health and Welfare): I thank the hon. gentleman. While I had intended to make a statement with regard to these matters at a later time, in view of the importance of this matter mentioned by the hon. member for Calgary West (Mr. Smith) I believe I should make that statement now so that his remarks will be associated with mine, having in mind the danger I mentioned a moment ago.

Mr. Smith (Calgary West): Can I say anything more? I shall do so if you desire.

[Mr. Martin.]

Mr. Martin: No; what the hon. gentleman said was very helpful. There is a tremendous amount of interest, not only in this country, but all over the world, in the discovery of cortisone. As my hon. friend will see, we in the department have shared that interest in this problem with the people, and with the medical profession generally.

During the past year, medical research scientists have discovered that two new drugs, ACTH and cortisone, seem to have extremely valuable results in the treatment of a number of diseases. It should be emphasized that the work that has been carried on now for some months is still in the experimental stage, and no final decisions have yet been reached on the full effects of these drugs, or of the illnesses and diseases for which they can effectively be used.

In April of this year, Dr. Philip Hench of Mayo clinic gave a public demonstration to medical scientists of the effects of the use of cortisone on arthritic patients. The results were almost miraculous, and because of this the drug cortisone has been associated popularly with arthritis. It should be emphasized, however, that this drug has not yet proved itself even for this single disease. It should also be emphasized that it seems to show promise for other diseases also.

I may say that I have had the advantage of personally talking—with Dr. Cameron, my deputy minister on the health side—with Dr. Hench and Dr. Kendall, both of whom must share the glory of what is undoubtedly a discovery of the first importance. It was shortly afterwards—after this research carried on by these two men—that the announcement was made about the drug ACTH, which seems to show similar promise, not only for arthritis but for other diseases. I must point out, and I say this with great emphasis, that both Dr. Kendall and Dr. Hench asked me whenever we made our statement—they asked the surgeon-general of the United States when he made his statement and the Merck Company, who will have something to do with it—to indicate that both ACTH and cortisone are in extremely short supply. At the present time the quantities available are not even sufficient for experimental purposes. There is no immediate prospect that the quantities that can be produced will exceed the needs of research workers, who are finding out the full effects of these drugs and subjecting them to prolonged tests. Both compounds are extremely difficult to produce. It has taken many years for research chemists to discover the various stages essential for their preparation. For example, the synthesis of cortisone requires several months

and thirty-seven individual stages of preparation that can only be carried out by highly skilled steroid chemists.

The history of ACTH goes back to the early 1920's when Dr. P. E. Smith in the United States discovered the influence of the anterior pituitary gland on the adrenal cortex. In 1933 a Canadian scientist, Dr. J. B. Collip, now dean of the medical school at the university of Western Ontario, prepared a comparatively pure extract from anterior pituitaries which was capable of replacing the pituitary gland in its power of influencing the adrenal cortex. Among many other scientists active in the development of ACTH, another Canadian, Dr. C. N. H. Long, formerly of McGill university, worked with Sayers and White at Yale university in obtaining purified ACTH from sheep and swine anterior pituitary glands. This discovery was simultaneous with that made by Li and Evans at the university of California. In 1948, Dr. C. H. Li and Dr. H. M. Evans worked out an analysis of ACTH to show that it possibly could be produced synthetically.

ACTH can be produced from the pituitary glands of sheep, cattle and swine. Swine glands have been shown to be the most productive. Other sources are under investigation.

Preparations are now actively going forward in the Department of National Health and Welfare, in the food and drug division, to set up acceptable assay standards to check the potency of ACTH produced in Canada or imported into Canada.

The story of cortisone is similar to that of ACTH. It was in 1925 that Drs. Rogoff and Stewart of Harvard university showed that an extract of the adrenal cortex of animals would prolong the survival time of animals that had had their adrenal glands removed. In 1930 Hartman, formerly of the university of Toronto, and Brownell; and Swingle and Pfiffner independently discovered a method of extraction of the adrenal compound cortin which served as the basis for commercial production.

Because of what is undoubtedly going to be a matter of the greatest importance, in making this statement I wanted to put on record the participation of some of our own Canadian medical scientists. In 1934, the Connaught Laboratories of Toronto was one of the three laboratories that pioneered in the production of cortin which is used in the treatment of Addison's disease.

The story of the development of cortisone is long and involved. This can be understood when it is realized that cortisone is simply one out of twenty-eight different compounds that have been isolated from the adrenal cortex. Among the many scientists in the United States and Canada who contributed to the development of cortisone, the name of Dr. E. C. Kendall of the Mayo clinic is perhaps best known. I would want to say at once to him and to Dr. Hench that I am quite sure I speak for the Canadian people when I say that we have learned of the development of this story with the greatest interest, and our gratitude to them will of course know no bounds. We appreciate the great collaboration, the promise and the actual help that has been given in making certain guarantees that production, if and when that takes place, will be available to Canada.

Among Canadians who have made important contributions to the development of cortisone are Dr. R. D. H. Heard and Dr. J. S. L. Browne, both of McGill university; and also Dr. Hans Selye of the university of Montreal. The contribution made by these Canadian scientists to the development of cortisone is similar to that made in the development of ACTH by Dr. J. B. Collip, now head of the medical school at the university of Western Ontario, and Dr. James Campbell of the university of Toronto. Dr. L. I. Pugsley, chief of the food and drug laboratory in our own department, was coworker with Dr. Collip when he prepared a substance which was one of the steps towards the development of ACTH.

In the food and drug laboratory of the Department of National Health and Welfare, in addition to Dr. Pugsley there is Mr. W. D. Snair, who took his M.Sc. degree with Dr. James Campbell of the university of Toronto whom I have just mentioned. As a result, this department is now going forward actively with plans to establish assay techniques to check both cortisone and ACTH. There are a number of sources for cortisone, some well established, others in the experimental stage.

Now I simply want to say one or two further things in connection with this matter. On Monday last, Merck and Company Limited, with head offices in this country and in the United States, announced at Rahway, New Jersey, that it believes increased production of cortisone will enable it to supply various teaching medical centres with limited quantities for research purposes. The company has noted that cortisone shows promise of relief of certain types of arthritis, acute rheumatic fever and certain other diseases and that the compound will be available after January 1. I must clearly indicate the position, because already requests quite naturally are coming in from all over the country asking for some of this cortisone.

I can say nothing about the future, but at the present time what quantity will be available to us—and it will be made available to us after January 1—will be solely for experimental research purposes. But every effort that we know how to make is going to be made to see if there cannot be acceleration of the process of production and of research into further uses. We have established contacts with a number of medical men who are expert in this field and who have had contacts with Dr. Kendall and Dr. Hench and the scientific committee that has been established in the United States. I want to give to hon. gentlemen and to this country the assurance that no effort is going to be spared to do all that can possibly be done through this department, more particularly through Canada's research scientists on whom the development really rests. No effort will be spared. I hope perhaps before the end of next week to say something further in that connection but at this stage I feel that I should await the result of certain conferences that are taking place elsewhere before I make that announcement.

Mr. Knowles: May I ask the minister one question in connection with that statement? Perhaps I should say: Is it fair to ask him if he could indicate any of the other diseases that it is thought that either of those drugs might help to cope with?

Mr. Martin: I could, but I do not think it is desirable.

Mr. Knowles: I will not press the question.

Mr. Gillis: Mr. Chairman—

Mr. Fournier (Hull): Before the hon. member speaks, may I suggest that we report progress because we have to present a committee report to the house, and I see it is nearly eleven o'clock.

Mr. Gillis: Then this item will stand?

Mr. Fournier (Hull): Yes.

Mr. Knowles: Before that is done, on a question of privilege, may I call the attention of the hon. member for Calgary West to a report put out by the dominion bureau of statistics with regard to pension plans. I admit that the report is for the year 1947, but it is the latest one available. It was published only this year. It shows that the total number of employees in all industries covered by pension plans is 629,233. That is a far cry from the million and a half the hon. member mentioned a while ago. I thought that since I questioned his figure I should give him the source of my information.

Mr. Smith (Calgary West): On the question of privilege, if I am wrong I am sorry; but as a matter of fact the pulp and paper industry has come in since that time, and there are at least three or four hundred thousand engaged in that business. So it may be that when we get to 1949 I shall not be so far wrong.

Item stands.

Progress reported.

BANKING AND COMMERCE

Second report of the standing committee on banking and commerce.—Mr. Cleaver.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we will take up as the first item of business the amendments to Bill No. 12, ot establish the Canadian Overseas Telecommunication Corporation; then we will take up Bill No. 215, to amend the Dominion-Provincial Tax Rental Agreements Act, 1947; Bill No. 219, to amend the Emergency Gold Mining Assistance Act; Bill No. 200, to amend the Customs Act. Then we will go into supply and call the estimates of the Department of Labour, reconstruction and supply, national revenue and mines and resources; and from eight to nine private bills.

Mr. Green: I would suggest to the minister that there should not be a sitting tomorrow night. We have had a very heavy week, sitting eight hours each day. After all, we are here to do the business of the country, and it is a difficult matter for the parties in opposition to do their work properly if the house is going to sit on Saturday evening. We have to have some time to prepare for the work which will come up.

I do suggest the house should not sit tomorrow night. I believe if that sitting is dispensed with we shall make better progress next week. We are all just as anxious to get home as are the members of the government; but the situation is that it is simply impossible to carry on efficiently under this pressure, unless some time is given to prepare the work.

Mr. Knowles: It is inhuman.

Mr. MacInnis: May I add my voice to that of the hon. member for Vancouver-Quadra, and ask the minister to adjourn at six o'clock tomorrow night. I do not think he will make any more progress by keeping us here for the evening; because we are being worn ragged here twelve hours a day—and we have other work to look after as well. If the minister insists upon keeping us here I am afraid that in the temper we shall be in he will not make much progress. I would suggest therefore that, for harmony all round, we be allowed to have the night off.

Mr. Low: May I add my voice to the pleas which have been made to the house leader. I think that if we sit tomorrow until six o'clock we shall have done a pretty fair week's work; and I would ask that he be just a little sympathetic.

Mr. Knowles: The government should make it unanimous.

Mr. Gillis: The house leader might do this: There are the faithful fifty who spend every night here; why not get another shift from the crowd who are not here. Let them sit tomorrow night.

Mr. Fournier (Hull): I shall certainly call the remarks of hon. members to the attention of the Prime Minister. When the motion was passed by the house it was understood that we would sit on Saturday nights. On the first Saturday we did not sit during the evening—

Mr. Knowles: That would be a precedent.

Mr. Fournier (Hull): I am not too sure about that. At all events I hope hon. members do not expect a definite answer tonight. At some time tomorrow I shall tell the house what the decision is.

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

HOUSE OF COMMONS

Saturday, December 3, 1949

The house met at eleven o'clock.

CRIMINAL CODE

PORTRAYAL OF CRIMES—TABLING OF CORRESPONDENCE WITH PROVINCIAL ATTORNEYS GENERAL AND OTHERS

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I desire to table correspondence between the provincial attorneys general and others, and myself as Minister of Justice, relating to Bill No. 10, dealing with crime comics.

GOVERNMENT EMPLOYEES COMPENSATION ACT

AMENDMENT TO PROVIDE FOR COMPENSATION IN ACCORDANCE WITH P.E.I. ACT

Hon. Alphonse Fournier (for the Minister of Transport) moved the first reading of Bill No. 220 (from the Senate), to amend the Government Employees Compensation Act, 1947.

Motion agreed to.

BUSINESS OF THE HOUSE

QUESTION AS TO SATURDAY EVENING SITTING

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Can the Minister of Public Works or the Prime Minister give an answer now as to whether we sit tonight?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I do not think the answer to this question can be given by the Minister of Public Works or by the Prime Minister. A resolution having to do with sittings on Saturdays was adopted by this house, and to depart from the terms of that resolution would require the unanimous consent of the house, not merely the consent of the Minister of Public Works or of the Prime Minister.

I think hon. members feel that a great deal of public business has been transacted this week, in a manner that did not slight the consideration it was proper to give to that business. I am sure that hon. members are anxious to have due consideration given to the remaining public business, and that it be dealt with as expeditiously as may be consistent with their responsibility to see that it receives proper consideration.

I imagine that it will be much easier this afternoon for hon. members to give unanimous consent to adjournment at six o'clock if they feel at that time that the progress made during the week has been continued during the day. I suggest that a request for unanimous consent be made at six o'clock, and I hope that what will have been done in the course of the day will make everybody feel it is appropriate to give that unanimous consent.

Mr. George A. Drew (Leader of the Opposition): Mr. Speaker, I am not going to press the point, but I suggest it is desirable that hon. members know in advance if the house is not to sit this evening, so that they may make their arrangements accordingly. It should be remembered that members of parliament are human beings, with human associations and contacts. If we are not to sit tonight, a resolution to that effect could be adopted unanimously this morning. If we are to sit, it would be helpful to hon. members to know it now.

Mr. Knowles: Would it not also be fair to the staff that they should know now or not later than three o'clock whether or not we are to sit tonight?

Mr. Drew: If there is not to be a sitting tonight, the decision, if it is to be helpful to hon. members, should be made known this morning. Otherwise we might just as well sit tonight. The motion might well be put now.

Mr. MacInnis: I think we had better take the statement of the Prime Minister at its face value. I suggest to the leader of the opposition that he make his plans to go to a show tonight.

INQUIRY FOR RETURN

IMMIGRATION—JAPANESE NATIONALS

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): I should like to ask the Secretary of State when I may expect a return to an order standing in my name which was passed on November 21, 1949.

Hon. F. G. Bradley (Secretary of State): I have made inquiries about the matter, and there is some delay in obtaining the information because of the absence of one of the

officials of the department in connection with his duties. We shall have it for the hon. member as soon as possible.

DOUKHOBORS

UNLAWFUL ACTS IN BRITISH COLUMBIA—QUESTION AS TO FEDERAL ASSISTANCE

On the orders of the day:

Hon. Stuart S. Garson (Minister of Justice): Mr. Speaker, I think it is desirable I should make a statement with regard to the latest developments in the matter of the Doukhobor situation in British Columbia.

Following a further blasting of a section of the Canadian Pacific railway in west Kootenay, British Columbia, Commissioner S. T. Wood, of the Royal Canadian Mounted Police, received a telegram from the Royal Canadian Mounted Police officer in command in British Columbia relaying a request from Commissioner Shirras, British Columbia provincial police, for ten experienced investigators to proceed at once to assist his force in west Kootenay, as he considered the situation serious, and C.P.R. train crews have threatened to discontinue operating trains unless police protection is provided. Furthermore, a request from the provincial government for assistance to this force was to be made officially to me as Minister of Justice within the next day or so.

Commissioner Wood thereupon took the responsibility, in which he has my complete approval, of ordering ten experienced investigators from the prairies and from the Royal Canadian Mounted Police personnel in British Columbia to report without delay to the provincial commissioner at Nelson, B.C. The copy of the instructions of Commissioner Wood to the officer commanding in the Royal Canadian Mounted Police office in Vancouver is as follows:

> Officer commanding, R.C.M.P., Vancouver, B.C.—Retel second instant, officers commanding Edmonton, Regina and Winnipeg have been instructed to detail three experienced detachment men respectively to proceed at once to Nelson to operate under the commissioner of the British Columbia police in connection with Doukhobor depredations. They will advise you time of arrival. Please expedite official request from the British Columbia government to our minister for assistance of this force on the understanding that the British Columbia government will pay all expenses. You are to detail one experienced investigator to report to Nelson to British Columbia police.
>
> S. T. Wood

The significance of the stipulation that the British Columbia government should pay all expenses is not so much the amount of the money involved as the continued assertion upon our part of a disclaimer of responsibility. We have neither legal authority nor legal responsibility, and we wish, while extending the fullest possible co-operation, to have it remain clear that we are assuming no responsibility in a situation in which we have not been involved, even in the matter of extending co-operation, unless it has assumed critical proportions.

[Mr. Bradley.]

OVERSEAS TELECOMMUNICATION ACT

CORPORATION TO TAKE OVER PROPERTY AND EQUIPMENT OF MARCONI AND CABLE AND WIRELESS LIMITED—CONCURRENCE IN SENATE AMENDMENTS

Hon. Alphonse Fournier (for the Minister of Transport) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 12, respecting the Overseas Telecommunication Corporation.

He said: Mr. Speaker, the Senate has passed Bill No. 12 with minor amendments which are purely drafting changes designed to improve the form of the bill. There is an amendment to section 3, subsection 6, substituting "board of directors" for "directors". An amendment to section 3, subsection 7, simply deletes "solemnly and sincerely" from the form of oath mentioned therein. An amendment to section 8, subsection 1(a), inserts the words "any or" before "all", in the interests of clarity. An amendment to section 14 rearranges and renumbers the subsections in the interests of conciseness. An amendment to section 18 substitutes the words "the corporation" for the word "it", in the interests of clarity.

Motion agreed to, amendments read the second time and concurred in.

TAX AGREEMENTS

AMENDMENT OF DOMINION-PROVINCIAL TAX RENTAL AGREEMENTS ACT, 1947—INCOME TAX

Hon. J. J. McCann (for the Minister of Finance) moved the second reading of Bill No. 215, to amend the Dominion-Provincial Tax Rental Agreements Act, 1947.

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

GOLD MINING

AMENDMENT OF ACT RESPECTING EMERGENCY PAYMENTS TO OPERATORS—PRODUCTION OF GOLD IN CONCENTRATES

Hon. Colin Gibson (Minister of Mines and Resources) moved the second reading of Bill No. 219, to amend the Emergency Gold Mining Assistance Act.

Mr. W. Ross Thatcher (Moose Jaw): Mr. Speaker, I certainly do not set myself up

as an expert on gold, but there are one or two aspects of this bill on which I wish to comment briefly.

In effect the bill proposes to continue the subsidizing by the federal treasury of certain gold mines. When the original act was introduced some months ago it received widespread support in the house. In some cases the support was reluctant, but most members agreed with it. The purpose of the original measure was definitely and clearly set out. I should like to quote from the report of the administration of the Emergency Gold Mining Assistance Act, published by the Department of Mines and Resources. On page 7 I find the following:

It was designed primarily to assist the high-cost or marginal mines to continue in operation . . .

I ask hon. members to note that it was designed to assist high-cost or marginal mines. I remember the Minister of Finance (Mr. Abbott) speaking in the debate along the same lines. At page 2702 of *Hansard* of April 6, 1948, he said:

It—

The bonus.

—should enable many mines to avoid closing down . . .

That statement was certainly clear, and the objective of the legislation was specifically stated to be the subsidizing of low-grade mines.

I must say that with that objective I agreed in principle. I thought it was sound then, and I think it is sound today, for the government to give such aid to low-grade mines. But while we are looking at these amendments to the act I think we should analyse the effectiveness of the legislation to date. Have only low-grade mines been subsidized? On the surface at least it would appear that others received assistance also. From April of last year to August 31 of this year the taxpayers of Canada have subsidized the gold mines to the extent of about $12,500,000. A fair percentage of this money went to marginal mines, and with that no one will quarrel. United States dollars have been earned; men have been employed; communities have been helped. But at the same time, under this legislation several million dollars apparently have gone to mines that are anything but low-grade. Subsidies have been granted to companies that are among the wealthiest in this country. We find that money has been paid to some corporations which had substantial profits in the past year, and which have paid out dividends in some cases amounting to millions of dollars. When this legislation was passed originally I do not think most hon. members had any idea that this would happen; certainly I did not.

To give one or two illustrations, take McIntyre Porcupine Mines. On March 31 this company had net current assets of more than $21,600,000. In the last fiscal year it earned net profits of $2,425,000 and paid dividends of $2,405,000; yet the federal treasury gave it a subsidy of $386,000. In view of the robust financial position of this company, I ask the minister how he can justify the payment of such a huge subsidy from the federal treasury.

Then take Hollinger Consolidated Gold Mines. Its assets in the last fiscal year were $7,775,000; its net current assets were almost $2,800,000; it had a net profit of $1,110,000 and paid dividends of $1,109,000; yet the government subsidized it to the extent of $886,000. Dome Mines last year earned over $2,114,000, paid dividends of $1,947,000, had total assests of $16,735,000; yet the taxpayers of Canada subsidized it to the extent of $257,000. Teck-Hughes Gold Mines had net current assets of $1,232,000 and total assets of $9,000,000. Last year it paid out in dividends to its shareholders $721,000; yet it received subsidies amounting to $100,000.

I could go on and give numerous other examples. The point I wish to make is that under this legislation a good many needy gold mines have been assisted, but at the same time some extremely wealthy companies have been given subsidies which so far as I can see were not justified by their financial position. A good many companies which by no stretch of the imagination could be said to have needed that assistance were given it.

On September 19 of this year the government devalued the Canadian dollar. In effect that meant the price of gold went up from $35 to $38.50. Surely that was a final reason why the government should have immediately discontinued subsidies to these wealthy corporations. Certainly the companies themselves have been amazed at the generosity of the government, because according to newspaper reports they thought that when the dollar was devalued the assistance would either be decreased or cut out altogether. I believe they treat this subsidy as a sort of windfall, and are genuinely surprised that it has been continued.

My point is that special assistance to marginal gold mines in Canada is one thing, but assistance to wealthy corporations is quite another. I believe it should be discontinued. I find this policy of subsidizing these wealthy companies all the stranger in view of the past attitude of the government toward ordinary subsidies. I have sat in this house for some years now and have heard most of the cabinet ministers, not once but a

dozen times, say they are opposed to the principle of peacetime subsidies. For instance, as far back as April 21, 1947 the former minister of finance, Mr. Ilsley, said, as reported at page 2252 of *Hansard*:

> I think the general view of the government is that we should withdraw from subsidies as far as possible and as soon as possible . . .

There was the case of the milk subsidy, and we have seen the Prime Minister (Mr. St. Laurent) and others consistently oppose housing subsidies. Time and again the government has opposed subsidies which might have brought down the cost of living. Therefore I find it strange that the bill now before us should propose to subsidize companies which, in my opinion at least, do not seem to need that assistance. I do not see any consistency in this kind of policy. I know some of my Liberal friends would resent it, and perhaps with justification, if I were to say this legislation was discriminatory, or that it was legislation for a privileged group; but if the bill passes in its present form, that is exactly what it will be.

I repeat that so far as this group is concerned we do not oppose subsidies to marginal mines. However, we likewise believe that subsidies to other than marginal mines should be immediately discontinued.

Mr. J. A. Bradette (Cochrane): Mr. Speaker, I cannot let the statements just made by the hon. member for Moose Jaw (Mr. Thatcher) pass without saying a few words on this subject. It seems strange to me that the party to which the hon. member belongs should be at times unfair and antagonistic to gold mining. They do not seem to realize what it means to our whole Canadian economy, not only to northern Canada but to every province of the confederation. The gold mining industry of this country does not want any handout. The hon. member apparently has forgotten that the prices of all other metals, precious or otherwise, have gone up since the beginning of the war. He will not deny that the prices of nickel, copper, steel, lead, zinc, aluminum and all other metals have increased greatly, while the price of gold has been fixed by the United States treasury at $35 an ounce and has not been changed for a good many years. Apparently the hon. member has not read the explanatory note to this bill, from which I should like to read a few lines:

> The Emergency Gold Mining Assistance Act provides for payments to gold mines to assist them in defraying part of their post-war increase in cost of production during the designated years 1948, 1949 and 1950.

It is true that this legislation has helped the marginal mines, but it was also meant to help gold mining in general. Coming as I do from northern Ontario, I would not be in favour of subsidizing mines where the cost of production is too high, or in which the ore would not be exploitable or the ores of too low a grade. At the same time the hon. member cannot deny that the cost of producing gold, the same as any other metal, has increased by at least seventy-five per cent. The cost of labour has increased; the cost of material has gone up, but the price of gold has remained static. If today the mines were receiving $10 an ounce more for their gold, there would be no need for a measure of this kind.

I remember when the Canadian dollar was brought to par a few years ago. I received many telephone calls from companies in my district, for instance from the Spruce Falls newsprint mill at Kapuskasing, the Abitibi Pulp and Paper Company, and others, telling me that they were going to be hurt by that action. I said they would not, because the price of newsprint, of sulphite, of pulpwood and so on was flexible and was not fixed, while the price of gold was in an entirely different position.

I want to compliment this administration because they have understood the situation in connection with gold mining. Personally I am against subsidies, because I believe they camouflage both the real cost of living and the cost of production. But you could not call this a subsidy, because this situation has to be dealt with, and in a different manner from any other. The hon. member must realize that as far as gold mines are concerned the price of their product is strictly controlled, while the prices of all other products, such as milk, butter, steel, manufactured goods, or whatever you wish to name, have increased tremendously in the last few years.

Surely an industry that has given so much to the whole of our national life should be able to obtain some consideration from the government without unfair criticism. My hon. friend mentioned the dividends paid by the Hollinger mine. Does he realize that Hollinger is a low-grade mine? It is only because of the efficient management and working of this mine that they are able to pay these dividends. Has the hon. member taken the trouble to analyse what he calls the enormous profit of the Hollinger mine? Does he know the number of people who hold shares in this mine, and the heavy capital investments? Does he know that they are not paid a high rate of interest but a reasonable return on their investment?

The same thing applies to the McIntyre mine, which is only a few yards away from the Hollinger mine. It has higher grade ores

than the average mine, therefore the dividends have been a little higher than those paid by Hollinger. Why take a national forum such as this to attempt to create the impression that this important industry has been exploiting the federal treasury? I do not believe that that is fair. It is not my duty to defend the gold mining industry, because it needs no defenders. As a member who has represented for nearly a quarter of a century this great section of the country called the Porcupine, I know whereof I speak, and I am aware of the great benefits that accrued from this industry to every section of our population.

I remember when the McIntyre mine had to buy c.o.d. their lumber and all other required material. As in any other mining venture, they had to take a chance and invest their money, and believe me, it has not always been a winning gamble. If they are receiving dividends today, I do not see why these sinister motives should be imputed to them. I am speaking about these things feelingly, because I believe all our people should have justice from the central administration. I am astonished to hear a statement of the kind made by a practical member such as the member for Moose Jaw (Mr. Thatcher). A few years ago the same statement was repeated by a member in that group; he said that the gold mining industry was a sheltered industry. The gold mining industry is not sheltered, and does not want government protection; it only wants fair play.

I believe the passing of this bill is only fair play to the gold mining industry which means so much to the whole of our national economy. Its maintenance and future expansion will be important factors in Canada's prosperity.

Mr. Daniel McIvor (Fort William): Mr. Speaker, I heartily support the hon. member for Cochrane (Mr. Bradette). He has firsthand information, and knows what he is talking about. During the depression there was no source of employment which could be compared with the gold mines in the north. I thank the hon. member for his statement.

Mr. H. A. Hosking (Wellington South): Mr. Speaker, as one who spent ten years underground at these northern Ontario gold mines, I should like to ask the hon. member for Moose Jaw (Mr. Thatcher) if he has any idea how long it takes before a mine is in a position to pay dividends. It is impossible for a mine to sink a shaft, drive drifts, put in the raises, or employ any number of men before a period of from three to five years. As this subsidy is given to encourage development, I should like to point out to the member from the west that this is commendable legislation. It will provide employment during the next three or four years, when no doubt employment will be scarce. It will have a beneficial effect on our national economy, and I think it would be a shortsighted policy if we were to do anything that would curtail this development and thus lower employment in this country.

We all know that during the depressed years the gold mines were the greatest source of employment. For any party to suggest that we should discontinue legislation which would create jobs in from three to five years is not sensible.

Mr. Thatcher: I am sure the hon. member did not hear me correctly. I did not suggest anything of the kind. I think this legislation for marginal mines should be kept on the statute book, but I do not believe—

Some hon. Members: Order.

Mr. Speaker: The hon. member for Moose Jaw should be allowed to complete his statement.

Mr. Thatcher: The hon. member suggested that I wanted this legislation discontinued. That is not so. So far as the marginal mines are concerned, this group believes it is excellent legislation. The only thing to which we are objecting is that this aid is given to high-profit mines.

Mr. Maybank: Without closing the debate, I should like to point out that these amendments are made particularly to take care of clearly marginal cases which had not been dealt with in the first act. We believed it was the intention of the house to take care of those mines, and that is the purpose of these amendments.

Mr. James Sinclair (Coast-Capilano): I should like to say a few words on this measure, arising out of the remarks made by the member for Moose Jaw (Mr. Thatcher). I am afraid the misconception has arisen because of the reference to marginal mines rather than to marginal ore. The real intent of the bill is to encourage the production of gold in Canada. No matter how economists may rank the place of gold on the world exchange, there can be no doubt of the great value of high gold production to Canada in our foreign exchange problem.

There are two ways in which we can expand our gold production: by giving incentive to the small mines, giving them financial backing which will enable them to do extra exploration work, or—a much quicker way—by giving assistance which will encourage the larger mines to mine marginal ore. I am referring to ore which these mines

have blocked out underground, but the marketing of which at a profit is doubtful. That is one of the two functions of this gold mining assistance act. While these are called subsidies, they would be much better regarded as incentives towards production. They act as an incentive to the small mines to explore and find new ore bodies, and to the large mines to bring to the surface the marginal ores which they would otherwise by-pass and leave below ground for all time. The large mines would take out the ore on which they could make a profit, and by-pass these large blocks of low-grade ore.

The success of this policy is shown in a report which no doubt the hon. member has seen. A subsidy was paid on the production over two-thirds of the base year. Last year it was paid on ninety per cent of the gold production in Canada—that is, from the primary producers. If there had been no increase in production over the base year, that subsidy would have been paid only on thirty-three per cent of the gold produced in Canada.

The whole of the hard rock mining industry has welcomed this act; and even the base metals mines, although they do not share in the subsidy, have welcomed it. They say that anything which encourages the gold mining industry encourages all hard rock mining, because gold has always been the lure for prospectors.

I can speak with some measure of authority, because a month ago I attended a meeting of the Canadian Institute of Mining and Metallurgy, and there was widespread appreciation of the Emergency Gold Mining Assistance Act and what it had accomplished in its primary purpose of increasing gold production in Canada.

Mr. Clarence Gillis (Cape Breton South): As I see it, the crux of this question is whether the government has a policy of subsidy for the gold mining industry alone, or whether the sentiments expressed by the parliamentary assistant express government policy as applied to all industries. The hon. member for Moose Jaw (Mr. Thatcher) made it quite clear that he was quite satisfied that the marginal mines or mines under development should be given assistance until production begins. The figures he put on the record, however, clearly indicate that a large percentage of the assistance has gone to corporations that did not need it.

My particular approach to this problem concerns the government policy of no subsidies. I believe the government has made its position in this regard quite clear. In 1945 a production subsidy of approximately

$8 million per year was provided for the coal mining industry, and that also was an incentive bonus; it was for the purpose of increasing production. But in 1945 the then minister of finance, Mr. Ilsley, made it quiet clear that as far as the government was concerned they were through with that type of subsidy; it was no longer their policy. Early in 1946 when a subsidy of approximately $5 million was necessary to avoid upheaval in the mining industry in Nova Scotia and New Brunswick, and the Minister of Trade and Commerce and the Minister of Finance in this house were answering those of us who were arguing for that amount of subsidy in order to avoid a strike in the industry and enable both producer and operator to get back to a peacetime economy, they said: Oh, no; that is against government policy. The result was that these subsidies were withdrawn at that time and we in Nova Scotia went through a five months' strike in the industry which cost the communities in and around the coal mines millions of dollars, and they have not got over it yet.

I was surprised, therefore, when a few days ago a bill introduced by the Minister of Trade and Commerce was passed which changes the subsidy policy to one of loan with regard to the coal industry. They say: No subsidy, but we will lend you money to develop; you pay that money back at a certain rate of interest. Certain stipulations are also made in that bill to see that the money is spent in such and such a way. If "lend" is the policy of the government with regard to the coal mines, and many of them are submarginal, and if "lend" is their policy in equipping them for increasing their production, why is that not the policy with regard to gold mining? Why should we have one mining industry in Canada receiving mother's allowance and another mining industry—which in my opinion is more essential to the economy of this country—denied that subsidy arrangement and put on a straight loan arrangement?

I am not arguing against that loan arrangement, because when people borrow money under a certain contract they will perhaps use it more carefully and get the greatest amount of good out of it. But you cannot have one policy for the gold mines in northern Ontario and another for the coal mines in eastern and western Canada. If there is any industry that would justify subsidies, it is the coal mining industry. You are not importing from the United States $200 million worth of gold a year, but you are importing that amount of coal each year

from the United States to Canada. If we in this house were alive to our own interests we should be creating incentive bonuses for the purpose of developing our coal industry in order to avoid the terrific drain of United States dollars from this country.

I have all the sympathy in the world for the hon. member (Mr. Hosking) who said he worked underground. But I want to tell him this: I do not think any of this money will benefit the man who works underground in these gold mines in central Canada.

Mr. Bradette: Dont be too sure about that.

Mr. Gillis: I have been through that section of the country. It is the only industry in this country that has not a union contract with the members who work underground. Even the rudiments of democracy that are applied in every other basic industry in this country have been refused by the gold mining operators of central Canada. They are not concerned about the men who work underground.

Mr. Bradette: On a point of order, Mr. Speaker, the operators of the mines are concerned about the workers who work in the gold mines in Canada.

Mr. Gillis: The hon. member for Cochrane (Mr. Bradette) speaks with some knowledge of the gold mining industry. I wish he would give a little of it to the house once in a while rather than a straight relief plea for an industry that does not need it.

My objection is this, Mr. Speaker: If this government has a policy of no subsidies for any other industry in the country, it cannot justify the policy of subsidies for the gold mining industry.

Mr. Sinclair: A frozen price.

Mr. Gillis: The wealthy ones.

Mr. John Hunter (Parkdale): I should like, Mr. Speaker, to answer in part the argument we have just heard from the hon. member for Cape Breton South (Mr. Gillis). It appears to me that he has completely ignored an important point made by the hon. member for Cochrane, namely, that the price of gold has remained static. In the gold mining industry you have a special case in which, for special reasons, the government have determined that the price of the product will remain static; and in a world of increasing costs, they have decided to give assistance to it in order that it can produce the product that it is considered desirable for the country to have. As long as the hon. member for Cape Breton South ignores this point he will never be able to give a clear and fair presentation of the case to this house.

As to the coal mines and the importation of coal from the United States, surely the hon. member for Cape Breton South is aware of the fact that a large amount of the coal which is imported from the United States is anthracite, whereas the coal produced in his own constituency and thereabouts is bituminous, and in any event we are not in a position to compete with that imported coal.

I make these two points, Mr. Speaker, because I think that the hon. member for Cape Breton South, not deliberately but perhaps inadvertently, did not give a clear and fair presentation of the case to this house.

Mr. J. W. Noseworthy (York South): Mr. Speaker, while I possibly cannot speak with as much authority on the subject as can the hon. member for Cochrane (Mr. Bradette), I do know something about gold mining. I worked in the gold mines for a considerable number of years. I have had occasion to visit every nook and corner of the gold mines of northern Ontario. I am fairly well acquainted with the management and the representatives of the workers in those mines.

Like the hon. member for Moose Jaw (Mr. Thatcher), I want to make it clear first of all that personally I am not opposed to this bill. We are not opposed to assisting mines whose ore is of such a low grade that without some government assistance it could possibly not be mined at a profit. I think we are as appreciative as is the hon. member for Cochrane of the importance of the gold mining industry to northern Ontario and to the towns and municipalities of that part of the province. I cannot find my heart bleeding over the need of Hollinger, Teck-Hughes, McIntyre and some of these other mines which consistently over the years have been able to pay dividends that total up to about $2 million a year, and often more. I feel that the shareholders of those mines have not done too badly for themselves, either in point of dividends or in point of the increased value of their stock. I can well recall when the stock of some of these mines which is selling at $20 a share today could be bought for less than a dollar. The shareholders who have been fortunate enough to hold the majority of the shares in these mines have not done too badly. I would say that by and large they have done much better than either the men who work underground in the mines or the municipalities in which the mines are situated.

If I were asking for a subsidy for the gold mining country, in addition to that which is paid to mines that actually need it in order to put them on a paying basis, it would not be for Hollinger, McIntyre or Teck-Hughes; it would be for the towns of Timmins and Kirkland Lake and the townships of Tisdale and

Teck. Over the years these townships and municipalities have contributed the services that the mines themselves would have had to provide if the townships did not provide them. These mines have been able to pay dividends to their shareholders because the taxpayers of the municipalities—

Mr. Hosking: May I ask a question?

Mr. Noseworthy: The hon. member may make a speech after I am through. The taxpayers of these municipalities have been providing educational facilities, fire protection, water, and all the facilities that go with municipal life, which these mines themselves would have to provide were they situated in unorganized territory. Over the years the government has profited by the fact that the municipalities were providing these services. The government has been taxing these mines without permitting taxes paid to the municipalities to be deducted before their federal taxes were paid. Were these mines situated in unorganized territory they would have been able to deduct every cent of taxes paid for the provision of the services before paying dominion government taxes. I feel, Mr. Speaker, that that is the place where subsidies for the gold mining industry are required, and not for the wealthy mine. Subsidies are required in the municipalities that are providing the services which help to make profits for these mines possible.

Mr. Armand Dumas (Villeneuve): I want to say a few words on this bill, and I would ask hon. members to look at it in this way. The government did a good stroke of business when they enacted the gold mining assistance act. I shall cite only three examples—Dome Mines Limited, Hollinger Consolidated Gold Mines Limited, and McIntyre Porcupine Mines Limited. In the case of Dome Mines Limited the government paid assistance to the amount of $1.27 per ounce. In the case of Hollinger they paid assistance to the amount of $2.37 an ounce. In the case of McIntyre Porcupine Mines they paid assistance amounting to $1.93 an ounce. The gold which was produced by these different mines was worth $35 an ounce. Therefore for each ounce of gold the government paid these mines respectively $36.27, $37.37 and $36.93. I think the government made a very good deal all through, and by helping the other mines which were producing gold at very high cost they helped also the people in the towns which were developed by these mines.

I feel sorry that the legislation which we are studying today is not going further. It should be extended for three years, to encourage the development of new gold mines; because we know that by encouraging prospecting for gold mines we also encourage prospecting for base metals, and base metals are certainly very important.

Mr. Victor Quelch (Acadia): I have always deplored the enormous waste of energy represented by the production of gold. It is a commodity that rarely performs any useful service, because even in the early days there was far more gold than was needed to meet commercial needs. On the other hand, I do realize that so long as there are people and nations who actually desire to accept gold, it is definitely to the advantage of Canada to produce it so that we can export it and get goods and services in return.

While it is argued that gold mines are getting a special privilege in receiving a subsidy, we must not lose sight of the fact that the price of gold today is being held down at a much lower figure than would be the case if it were turned free. That is being done, of course, under the international monetary fund. It certainly would be to the advantage of the sterling area today to have gold turned free. It would make it possible for the sterling area to bring about a far better balance in international payments if the price of gold were allowed to rise to the price that it would reach if it were released from the international monetary fund. I suppose the members of the international monetary fund could accomplish that if they exerted a certain amount of pressure. It is easy to realize why the United States opposes such action; it is because the United States is the main purchaser of gold today. But I do believe that so long as the price of gold is held down under the international monetary fund the gold mines are justified in receiving a subsidy, because gold mining is one of the few industries today that has a ceiling on the price of the commodity it produces. That ceiling was set many years ago. Since that time the price of everything else has gone up. The price of gold has been held down. For this reason I think there is a justification for the subsidy.

Mr. A. L. Smith (Calgary West): I am going to take only a moment or two because in a row of this kind I think it is often wise to have an outside referee, and that is the position I am going to try to assume.

I think we were all in favour of subsidies to marginal ore rather than marginal mines, as suggested by the hon. member for Coast-Capilano (Mr. Sinclair). If this money is going to the big mines or the small mines for the production of marginal ore which

might otherwise be by-passed, the expenditure is completely justified. I am not concerned about the question whether somebody made a million dollars out of a certain mine. I am not concerned about the fact that stock was once $1 and is now $20. We all had the opportunity to buy it. Nobody prevented us from doing that. If it started at $1 and it is now at $20 it was because of the effort put into it by the people who owned it, and I am all in favour of that, irrespective of what the increase might have been. But surely the government that brings in these amendments, and that has been responsible for the operation of these subsidies, knows that they have been going to the development of marginal ore. If that is not so, then the hon. member for Moose Jaw (Mr. Thatcher) is right. But remember, even if they make a million dollars, or whatever the amount is, they make it out of mining gold. Because they are making money no one has the right to ask them to work some property on which they will lose money. To my mind the thing is just as simple as that.

Being an amateur in gold mining I assume that these bonuses have been given to Hollinger and the big shots for the production of gold. I assume they have been given for the production of more gold in this country, which we all admit we need, on the same basis as the subsidies which have been going to the smaller mines. If my assumption is correct, then there is no argument among any of us on this particular problem.

Mr. G. M. Murray (Cariboo): Mr. Speaker, I should like to point out the value of the gold mining industry in relation to agriculture. Pioneers came into the Cariboo country and opened up a number of very profitable mines. In due course some of the mines were depleted, but these people remained to carry on dairying and mixed farming. Today they are shipping from the southern part of that area certified seed potatoes all over the world, and they also have a lively dairy industry. There are prosperous lode and placer mines there today which provide a home market for the farmer.

There is one other way in which the gold mining industry can be assisted. I refer to the building of roads and trails into the mines and a revival of the dominion-provincial arrangements of some years ago by which this was done.

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

Sections 1 to 3 inclusive agreed to.

Bill reported.

Mr. Mitchell (for Mr. Gibson, Hamilton West) moved the third reading of the bill.

Mr. Knowles: On division.

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

CUSTOMS ACT AMENDMENT

VALUE FOR DUTY OF GOODS IMPORTED—INQUIRIES AND INVESTIGATIONS, ETC.

Hon. J. J. McCann (Minister of National Revenue) moved the second reading of Bill No. 200, to amend the Customs Act.

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

On section 1—*Governor in council may order that import duties be disregarded.*

Mr. Macdonnell (Greenwood): Mr. Chairman, this section is in general terms, but as it is short I shall read it:

(5) The governor in council may order that import duties of a country of export shall be disregarded, in whole or in part, in estimating the value for duty of goods of any kind imported into Canada from a country specified in the order.

During the Senate debate on this bill Senator Hugessen said:

I am advised that West Indies rum and Irish whiskey are imported in large bulk quantities by England, that they are aged and bottled in England, and thereafter are exported to Canada.

Senator Hugessen went on to explain that the same was true of other wines and sherries, and he intimated that the bill was intended to deal with that particular situation. At the end of his explanation Senator Hugessen said that the class of commodity sought to be covered by this legislation might vary from time to time. I am advised that the reason for this change is mainly, if not exclusively, that given by Senator Hugessen. I am not suggesting that the legislation can be amended at this late date, but I am wondering if it would not be possible for the minister to indicate that that is what is intended, that the section will be used for that purpose.

It seems to me to be most undesirable to have a section in a statute as wide as this. After all, it will throw considerable uncertainty into business. If in fact it is intended to cover this one case I hope the minister may see fit to give a firm assurance that that is what is intended.

Mr. McCann: Mr. Chairman, I feel that I can give the assurance that what is indicated by the hon. member for Greenwood is the purpose for which the section is intended. Perhaps I could put on the record the main

purposes of this bill, in order that there may be a clearer understanding when we are discussing other sections.

The purpose of section 1 is to make it possible to disregard, in the determination of value for Canadian customs duty, all or part of the import duties of the country of export. At present the inclusion of these figures in the calculation of the value for duty is said to be not only unfair but also a deterrent to the export and sale to Canada of certain British goods at a time when trade between Britain and Canada is so vital to both countries and when international agreements are being drawn up to remove unreasonable administrative barriers to international trade.

In determining the value for duty of domestic products of Great Britain entering Canada, the Canadian customs, by law, disregards the internal excise taxes of the exporting country; but should the goods exported from Britain not be of domestic origin, Canadian customs have to include in its determination of value for duty the amount of import duties applicable in Great Britain, even though such duties had never been applied to the goods.

The explanation is that a lot of these goods come from other countries to Great Britain, are put in bond and actually do not pay these taxes, which for the most part are luxury taxes. They are then processed and shipped to this country. According to the act we do not regard those taxes that are put on there, but we have to take into account for customs purposes, when the goods come into Canada, not only the price of the goods but the duties that are levied in Great Britain.

There is an obvious anomaly here between the excise taxes and the customs duties which is most striking when the import duties and internal excise tax of the exporting country bear a direct relationship, and equal or nearly equal each other. The ultimate result of the present method of determining value for duty is to cause an increase in the figure on which the Canadian sales tax—I ask hon. members to note this—is applied; for, as is generally known, the sales tax on imported goods is based on the value for duty as established for customs purposes. The application of the tax on this basis obviously increases the price to the customer.

The proposed amendment is merely an extension of the principle in the law by which excise taxes of the exporting country are disregarded in determining value for duty in Canada. Import duties of the exporting country could, under this section, be treated in a similar manner when such action is deemed advisable by the governor in council. Thus any anomaly or unfairness would be removed and the goods enabled to be entered and marketed at competitive prices.

I think I might also deal at the present time with the principles of the other sections of the bill. Sections 2 and 3 provide for the repeal of certain sections of the act which still contain titles of offices which have been abolished, and for the substitution for these sections of a more uniform and standardized wording in line with modern drafting principles. These proposed amendments carry no substantive changes of law. It is only a tidying up process.

With reference to the fourth section of the bill, it is an amendment which is intended to make an appeal procedure available to the innocent owner of a vehicle or vessel seized and confiscated under the Customs Act, which at the present time disregards entirely the question of ownership in such cases. This provision is similar to section 169(a) of the Excise Tax Act, which was enacted in 1934 in order to enable the innocent owner, mortgagee or lien holder to appeal to the courts to protect his interests or equity in the vehicle seized. I think it will be seen that the present law rather creates an injustice to the innocent owner of a seized automobile which has been used for smuggling purposes. Perhaps some acceptance corporation or other person has a lien against the vehicle. When it is seized it becomes forfeited and is sold, and the person who has a lien, or who has not yet been paid for the vehicle which has been confiscated, suffers the entire loss of his equity in it. The purpose of the amendment is to give that person or corporation an opportunity to appeal to the courts to protect his lien.

Mr. Macdonnell (Greenwood): I understand the minister was good enough to say he can give me the assurance I asked for, and I am grateful.

Mr. Thatcher: Can the minister say whether or not the United States and British governments intend to take similar action in respect to our goods? I understand that when we ship goods to the United States we run into many difficulties of this kind. Have any representations been made to the United States asking for similar legislation?

Mr. McCann: Not that I know of. The question what they regard as the invoice value for duty purposes is not a matter of concern to us. We do not import as much goods into Canada for reprocessing and resale, and bearing heavy excise taxes, luxury taxes and customs duties, as we attempt to

take care of in this particular instance so far as Great Britain is concerned. In Great Britain, for instance, they import liquors. They also import silk sheets or silk squares from Italy. Of course that is a luxury item, and there are high luxury taxes on it in Great Britain. Then they carry out further processing of the goods by printing, colouring or placing some sort of figures on them, and they are re-exported to Canada.

Another example is a line of cosmetics. If we were to add the taxes and customs duties they impose in order to collect revenue on the basis of the imported value, and take that as the invoice value on which customs duties would be collected in this country, we would be doing something unfair to them. We would not be promoting our general policy, namely, the encouragement of trade between Great Britain and Canada. Our own domestic manufacturers will not be affected in the slightest so far as competition in these articles is concerned.

Section agreed to.

Sections 2 to 4 inclusive agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. Knowles: By unanimous consent.

Mr. McCann moved the third reading of the bill.

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

SUPPLY

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

DEPARTMENT OF LABOUR

142. Departmental administration, $735,337.

Mr. A. L. Smith (Calgary West): I desire to speak briefly, and largely about one aspect of the labour question which I think will develop as I proceed.

It is very late in the history of the world to review industrial relations between capital—and I still like that word—and labour. I begin by reaffirming a belief, which I have held for many years, and which I have proved by my actions, in the unionization or organization of labour in industry. I arrive at that conclusion from some knowledge of the question, and it seems to me also from sheer reason.

We all know that the organization of labour into unions has done much to improve their position, in Canada as well as in other countries. There was a time when labour was regarded simply as an intake product in whatever industry labour had to be used. For a long time industry fought the organization of labour. I am happy to say that in Canada that day has long since gone. I think industry has learned that it is better off when labour is so organized. There are still a few who endeavour, as we heard this morning, to stop the organization of labour in various plants. Fortunately they are few in this day and generation. I frankly admit that errors have been made in union policy, but the general good that has come to the community through such organizations far outweighs any mistakes that were made in times gone by.

We may compliment ourselves that in this country today we have practically no strikes, and very little unrest in the ranks of labour. In discussing the estimates that are before us we shall wish to know a number of things which I have no intention of discussing now; but we might remember that the taxpayers of this country are paying a tremendous sum of money in this connection. This year it is $49,629,156, an increase of $806,567 over last year; but perhaps the explanations may wait until we are considering the estimates item by item.

I wish also to pay a sincere compliment to organized labour in Canada on what it has done with respect to communism. Labour has purged itself much better than it could be done by any law passed by this or any other government. The men who led that battle and who received much abuse, some of it physical, in reaching that great objective, are worthy of the highest commendation this house can give them.

I should like also to try to destroy the fiction which is in the minds of many people in this country, as a result of which communism comes to their thoughts whenever labour is mentioned. It is true that labour provides a field in which that vile thing might grow; but let us not think for a moment that labour itself is the chief source of communists. It is not. The chief source of communists, I am sorry to say, is among well-educated people, many of them in our institutions of learning, people who should know much better. I am anxious to go on record definitely as saying that while progress was made in a fruitful field—and we all know the reasons for that, highly uninformed as some of these persons are—the leadership had to come from somewhere else; and it came from well-educated people in this country rather than from labour itself.

I am going to say nothing more, Mr. Chairman, except that we shall examine the estimates and be sceptical about an increase of almost a million dollars. Today the administration is not faced with the problems it had to deal with last year or the year before. I am happy to know that all of us in this house played some part in the creation of what might well be called a labour code in Canada. No one in this house can claim the entire credit for that, because, as the minister well knows, and as I credit him with having said, it was threshed out by a large group of people from this house who were aiming to do only one thing, that is, something which might be valuable in settling labour disputes and quieting unrest and disaffection among those of us who work with our hands for our living.

Now I have finished, and shall content myself with an examination of the estimates item by item.

Mr. Angus MacInnis (Vancouver East): Mr. Chairman, I am very happy to be able to associate myself with almost everything the hon. member for Calgary West has said. As a matter of fact the first thought that came to my mind as the minister and the committee prepared to deal with these estimates was to congratulate the minister and the country on the very few labour disputes we have had during the present year. Compared with the difficult times the minister had in previous years I think he has had a very easy time of it lately. I hope he does not grow too fat and complacent on it, because if he has had an easy time there are others who have not had it quite so easy.

I was glad the hon. member for Calgary West mentioned the steps taken by labour bodies to lessen the influence of communists in their organizations, and I want to point out that this was no easy task to undertake. It meant that people had to be dealt with because of political opinions. It is not so very long ago that I heard responsible leaders in the labour movement say, and quite correctly at that time, that they would not interfere with a man's position in the labour movement because of his political opinions, no matter what those opinions might be. The sad thing about communists, however, is that we cannot deal with them as we would deal with ordinary people, because they do not act as ordinary people do. That is the position with which the labour movement was confronted, and it took a great deal of courage to handle it in the way it was handled.

The principal reason why I rise to speak on these estimates is that I have been receiving communications from various parts of Canada, and particularly from the province of British Columbia. I am concerned about the unemployment situation this winter in my province, and what is to be done to meet it. I do not want it to be taken that I expect an unemployment situation of huge proportions, or on a scale such as we had during the depression years. I do not think we shall have that this winter, but unemployment worked a great hardship among the people of British Columbia last winter. The situation will be considerably worse this winter. I believe that will be so, not only in British Columbia but right across Canada.

Hon. members will have noted that I put questions on the order paper recently, which were answered on November 24, that is, less than two weeks ago. I asked as to the comparative number of persons receiving unemployment insurance in September and October of 1948 and 1949. While the number is not particularly large, the increase this year over last is, to me, alarming. I shall give the figures to hon. members so that they may have them in mind. In 1948 the number of persons receiving unemployment insurance totalled 44,000 in September, and 55,000 in October—I am giving the round figures. In 1949 the figures were 83,000 in September and 105,000 in October—that is, they had almost doubled.

This is only the beginning of the decline in employment. I have noticed that in other years unemployment reached its peak in February or March, and then began to drop until about August. I asked a similar question about new applications received for unemployment insurance in September and October of 1948 and 1949. We find the same situation. In September, 1948, there were 28,000 new applications; and in October, 38,000. In September, 1949, there were 51,000, and in October, 69,000. It seems to me that is a steep increase in the number of those making application for unemployment insurance. These figures do not include unemployed persons who are not covered by unemployment insurance, and a large number of the workers are not covered.

Representations were made to me by the British Columbia command of the Canadian Legion, and by the two central labour bodies in Vancouver. I have noticed that the Canadian Legion is running advertisements in the daily papers in Vancouver to draw attention to the situation. Will the minister say whether any preparations are being made to provide assistance to those unemployed employables who have exhausted their unemployment insurance benefits?

I should like to draw the attention of the committee to the fact that it will be harder

for the municipalities to look after the unemployed who are not receiving unemployment insurance, not only because of their numbers but because, in almost every city, the welfare agencies have found it more difficult to raise funds this year. Then again, we must remember that the unemployment insurance benefits are hardly sufficient—I said hardly sufficient, but I think I can make it much stronger than that. With the present prices, they are not sufficient to maintain a family. Assistance must come from some other source. I should be glad indeed if the minister could give some assurance to the committee that the government is planning for this need.

I believe the committee should be informed that less food is being purchased now than during 1947. The volume of food sales is lower than in 1947. I believe most of the members receive the *Financial Times*. In the copy which came to my desk yesterday, there is a chart showing the trend of food sales in 1947, 1948, and 1949. The sales in terms of dollars showed a steep increase—from an index figure of 90 to 120 since the beginning of 1947. In physical volume, however, the trend has been the other way. As a matter of fact the graph forms a triangle. Beginning at 90, one leg of the triangle goes up to 120 and the other goes down to almost 80. This indicates, Mr. Chairman, that the standard of living is going down, and that it is exceedingly important that this winter the government should, either by financial assistance or by providing work projects, ease the burden on persons who are unemployed. It should also ease the burden of the municipalities concerned, because they will not be able to handle the situation which will shortly confront them.

Mr. Clarence Gillis (Cape Breton South): Mr. Chairman, does the minister wish to answer the member for Vancouver East now, or does he wish to continue the discussions?

Mr. Mitchell: It is generally understood that on the first item the members make their speeches. I am assuming that my hon. friend is ready to burst into song, so I shall sit and listen to him.

Mr. Gillis: Yes, it would be a shame if the minister got away too easily. As the hon. member for Vancouver East indicated, he has been getting away very easily this session. However, he has worked hard in the past.

Mr. Mitchell: This is the result of the good work.

Mr. Gillis: There are many things that could be said in a general way on the minister's estimates, but I think a good deal of it can be reserved for the items as we come to them.

A great deal of progress has been made in the Department of Labour since I first came into the house, if one just stops and thinks back; and there is no harm in recalling exactly what has taken place in the last ten years. I know that the Department of Labour today is about a hundred per cent more efficient than it was when I came into this house in 1940.

Mr. Low: See what you have done for it.

Mr. Gillis: It was not necessarily what I did, or what the minister did. He has been fortunate in getting into the department persons who know a great deal about the problem and are anxious to do something about it. The credit goes to no one person, but if any credit is due to an individual I would give it to the deputy minister. The deputy minister is the brains of any department. In addition he must have a flexible minister. Either the Minister of Labour is flexible or the deputy minister is a good diplomat, because he has been responsible for getting a good deal done. We on this side of the house of course have provoked their thoughts, pushed them along and perhaps given them some ideas.

When I came into the house in 1940 we had no Unemployment Insurance Act. Today we have such an act, and I think it is working reasonably well. It needs some jacking up here and there, but we shall reserve discussion on that matter until we come to the item dealing with it. The national employment offices across the country, which have been built up under the machinery in connection with the Unemployment Insurance Act, are a valuable asset if they are used for the purpose for which they were intended. During the war these offices had the right to direct employees and the right to file the requirements of the employers. During the war I think they did an excellent job in directing employees and assisting people to to go from one section of the country to another where there was employment in the particular trades in which they were interested. Since the war these offices have lost that function.

The employment offices have an excellent set-up. They have registered all unemployed who come under the act, and the trades or jobs for which they are fitted; but they no longer have the right to direct employees, and the employer is under no obligation to register his needs. From close contacts with those offices I know that they are working under a handicap in that respect. Many

unemployed are not registered because they do not come under the act, and they are wandering around in a circle, whereas if they could go to these offices and get direction, the officers would be performing a much more useful function.

In 1940 we had no national labour code. We now have a code which is national in scope. We have at least established the principle. But that act also, in my opinion, requires some amendment. We have not only suggested amendments but we have moved bills in the house. I think it requires an amendment to provide that the Canada labour board shall be in a position to enforce the act by initiating prosecution when an infraction of the act is committed. I am not going to argue that point again. I maintained it on two occasions in the house by moving a bill. I still hope for that amendment. I am reasonably sure that at some time in the future such a provision will be written into the national code.

I think the act also needs amendment in the matter of the voluntary revocable check-off. I think that too will come in time. It is the minimum measure of union security that we can hope for in legislation. It would be of great benefit to the trade union movement across the country.

A definition of employees is necessary. There should be a broader definition than is there now; because an employer is in a position to put a fairly wide interpretation on the present definition of an employee who is eligible for membership in a union under the code. He can classify practically anyone in a plant or factory as being ineligible because he is engaged in a confidential capacity. I am not going to argue that point now either. The arguments are on the record. I know that the labour department know what they are. In time I think we may be able to cure the code in that respect.

The most important question that today faces the Department of Labour and the workers of this country generally is the matter of industrial pensions. The main emphasis across the country in every section of labour, be it organized or unorganized, is the necessity of security against the time when they are no longer able to provide for themselves. Last night in the committee on the estimates of the Department of National Health and Welfare, I listened to a discussion on industrial pensions and their relationship to that department. I did not take part in it because I felt that it was out of order. I believe, however, that it is the responsibility of the Department of Labour to lay the basis for some uniform national scheme of industrial pensions.

[Mr. Gillis.]

Right now there are a great many disconnected schemes. Industry after industry is establishing some kind of scheme of its own; but in my opinion there can be no solution to the problem on that basis. As I have previously pointed out in the house, an industry such as the pulp and paper industry in Canada can provide a decent pension, and they have done so. They pay $100 a month after a certain number of years' service; they protect the widow after the husband passes on; they have an excellent scheme. They can handle a scheme of that kind because the industry has the income with which to do it. But there are hundreds of industries in this country, some small and some large, which have not the income, through profits, to set up a decent pension scheme. They are essential industries, but they do not make large profits. The great majority of the workers of this country work in the kind of industry that cannot provide an industrial pension for them.

Another thing that focuses attention on the problem is the policy of industry itself. Since the end of the war they have taken the position that they will not employ anyone over forty years of age. If a man who is forty years of age is out of work today, and has not some specialized training, he will not be taken on by any industry in which the labour is fairly heavy, such as the mining, steel or automobile industries. He will not receive employment. There is growing up in this country a group of thousands and thousands of men who in the past have contributed something to some industry, who get out of work for some reason or another and cannot be employed. The heavy industries have taken the position that when a man is sixty-five years of age he is pensioned off. In most cases where that takes place, particularly in the mining industry, there is no contributory system of pensions. The companies have established some schemes of their own which are non-contributory. It is something they pay themselves as a gratuity. It cannot be called a pension. It is based on twenty-five years' service and on a small percentage of the last ten years of employment when earnings were the lowest. It amounts to about $15 a month up to a maximum of $57 or $60 a month. But in that scheme the over-all average, as applied to steel and coal in Nova Scotia, would run around $30 a month. That is nothing to look forward to. The man is back on relief.

The Canadian Congress of Labour have taken this position. To continue to probe the matter and to find a solution as from industry to industry in Canada means that all you will succeed in doing will be to set up the differentials in pensions that exist in

wage rates across the country at the present time. That is what will happen if a contributory scheme of pensions is established. On the other hand many industries cannot provide any pension at all. My considered opinion is, and has been for a long time, that the only way you can establish a fair retiring allowance for industrial workers in this country and for white-collar workers is to recognize the principle of social security.

I believe the department is now working on this question. I know the minister has one of his officials in Nova Scotia lecturing on industrial pensions. I do not know what the scheme is, but the minister will likely refer to it later. Now that the labour department has begun to gather statistics on the problem, the minister should consider this aspect of it: the only way to answer the question for the workers across this country —I do not mean just those who use a pick and shovel; I mean civil servants and all those who are white-collar workers in industry—is to establish a social security tax. I am not going to say what the amount should be. Everyone in the country should pay a tax, and it should be earmarked as a retiring allowance and set to one side and supplemented out of the consolidated revenue fund. The employer and the employee would contribute to it. The worker would then know that when he had worked for a certain number of years in industry he would be paying a special tax. I can assure the committee that nobody would object to a special tax for that purpose. It would be on a national basis. There would be one administration, and competent people in the annuities branch could work it out, thus eliminating the wasting of millions of dollars by industry in the maintenance of administrative staffs to work out the small and inadequate pensions that exist today.

The one thing that keeps most people in life worried and sends them to an early grave is insecurity. The average worker can pay only enough by way of insurance premiums to guarantee his family that at least there will be sufficient money to bury him when he dies. He is worried all the time on that score. At the convention in Toronto a year ago the Canadian Congress of Labour changed a resolution they had on industrial pensions to read the way I have suggested. They said that from then on the labour organizations should concentrate on a drive to sell the federal government the idea of a national social security tax to provide retiring allowances to workers in every industry and in every profession. I do not say what the contribution should be, but in my opinion that is the only kind of contributory scheme of pensions that will work, and it is the kind of thing that most people are thinking about and working for in a piecemeal and disjointed way at this time.

I do not expect the minister to say that this kind of thing will be done. I am speaking about it now so that people may think about it. If we are honestly of the opinion that something should be done in that field, I think that is the only way it can be done. It would answer the question of old age pensions, which we are wrangling about all the time, and the means test. The workers of this country do not want charity. When they retire after producing the wealth of the country they do not want to have to go to some charitable organization and qualify for the means of existence. Because of the means test in old age pensions, they are up against that very thing. Somebody has to come in and ascertain whether, because of the clothes in your cupboard and your living accommodation, you should receive something which is on the basis of charity. If my suggestion were adopted, that would be overcome.

On the other hand, large contributions are made to charitable organizations for the purpose of looking after the aged, the infirm and the afflicted. Nobody wants to accept the kind of charity which is handed out by the Red Cross, the Blue Cross, the White Cross, and all of these other organizations. Nobody wants to end his days by having to accept charity on that basis. In my opinion the only way to eliminate it is to give people a chance, by way of a special tax, to contribute to a national scheme and place the money in the hands of a competent administration that can work the matter out on an actuarial basis and determine exactly what the employee's contribution would be, what industry's should be and how much should come out of the consolidated revenue fund. Make it not just another tax, but a social security tax set to one side for that purpose. It would be pretty much a duplication of the unemployment insurance fund. It might be handled by that department. I do not think it would require additional staff.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. Gillis: Mr. Chairman, when we took recess for lunch I was making a few general observations. I was elaborating on the question of industrial pensions, which I consider to be one of the objectives of the labour program. I am not going to repeat what I said previously, but I wish to add that I think Canada is in a good position to make a judgment on this particular development.

We have the experience of the commonwealth countries to draw from, as well as those of another country which is closer to us and whose economy is pretty much the same as ours, the United States.

But I think what is happening in the United States is proof positive that the establishment of pension plans by industry is not working out. The mine workers were the first union to have a pension of $100 a month established, but the net result has been the creation of one of the greatest obstacles to industrial harmony between employer and employee that has arisen since the establishment of the labour movement. Any industry which cannot pass along to the consumer the additional cost of such a pension plan will not be able to carry it out. When the time comes that they cannot pass it along to the consumer, difficulties arise. The pension plan established by the mine workers worked for one year while it was in the embryo stage, but during the last year there has been a continual disruption of that industry in an effort to maintain the pension of $100 a month.

I think this is a fair indication that we cannot follow along that road with any degree of success and hope to maintain harmonious relations between labour and management. Within the past few months the steel industry in the United States have established a pension plan, and I know they will have great difficulty in trying to maintain it. The automobile workers in Canada are following the pattern set in the United States. In my opinion the only way it can be done in this or any other country is not to pass the cost along to the consumer, but to establish a national security plan which will be supported by contributions by the worker, the employer and to some extent from the consolidated revenue fund. The plan should have the efficient administration we now have in the annuities branch. I know this will not happen tomorrow, I know there will be much difficulty in selling the idea to members of the government, but someone or some group must be looking forward in the field of social legislation and be ready to support it.

I shall not make any further general remarks, but there are many small problems that will be discussed when we reach the appropriate items.

Mr. J. W. Noseworthy (York South): Mr. Chairman, under this general administration item I should like to deal with another branch of the department, the training branch. First of all I should like to compliment the minister and his officers upon the excellent job they have done in vocational training. There are two schools of thought about education; there are those who believe that education consists chiefly of academic training, and there are those who are interested in vocational training. I was an academic teacher for close to twenty years. I taught in schools where the great majority of the pupils came from industrial homes, and I have learned to appreciate the need and the value of training that our boys and girls are getting in the vocational schools.

According to the report of the department, from the inception of the dominion-provincial training plan in 1937 up to March 31, 1949, there has been an enrolment of 918,740 pupils, close to one million young people who have been benefited by that training during those years. In the last fiscal year the enrolment in these courses was 23,891, with an expenditure of $9,133,300.

I should like to deal briefly with the different types of vocational work that has been carried on. First I want to express my regret that the province of Ontario did not take advantage of the youth training plan over the years. However, last year they availed themselves of the $50,000 that was allotted for youth training which was used to aid students in colleges, universities, nursing training schools, and so forth.

In the field of supervisory training, I note with the same regret that Ontario has indicated that this will be discontinued during the coming year. The report indicates that great assistance has been given in supervisory training, particularly during the past year. Last year three provinces were allotted money, but in no case did a province use the full allotment. Of the $9,000 allotted to Ontario for supervisory training, the province availed itself of only $2,534. Of the $9,000 allotted to the province of Quebec, the province availed itself of $5,867. Of the $3,000 allotted to British Columbia for this type of training, the province availed itself of $1,080.

According to the report this money was used for the training of industrial supervisors and personnel officials; education in job relations and job methods; to aid job safety institutes, and for conferences pertaining to these subjects. There is a great need, particularly in the industrial provinces, for the type of work the act is designed to support, and I feel that this need is as great as it ever has been. Again I regret to see that the province of Ontario has indicated its intention to discontinue that field this year. I notice that the training given to the armed forces, which during the past year absorbed over $3 million, will not necessarily be carried on because that particular phase of the

work is completed. I was hopeful that the minister would be able to secure the $3 million for his department in order that it might be transferred to other fields of education, but I see no indication in the estimates of that being done.

There is another phase of work carried on by the department in which I am interested, the training of unemployed persons. Here again I notice in the report that, while money was available to all the provinces for the vocational training of unemployed persons, there were three provinces in Canada which did not avail themselves of that assistance, Prince Edward Island, Quebec and Ontario. I gather from the report, however, that the training of unemployed personnel was carried on in the province of Quebec to a large extent with assistance from the federal government in the regular vocational schools of the province. Once again I am at a loss to know why, with the number of unemployed increasing in the province of Ontario, the provincial government has not availed itself fully of the assistance for the training of unemployed persons through the regular vocational schools of the province.

Before I deal with the financial assistance given to vocational schools, there is another point in the report to which I wish to refer, the replacement of depreciated equipment within the vocational schools of the country. I find there was a total amount of $259,600 approved by the minister for replacing such equipment in our technical schools, but there were certain strings attached to that. The act gives the minister authority to refund to certain schools 75 per cent of the cost of equipment purchased by them from War Assets Corporation up to the total amount of $259,600 approved by the minister. The report goes on to say that few claims have been sent in by the schools to which funds were made available, and that total payments up to the present time have been $73,423 as against the $259,600 allotted. Of the $73,423, $25,584 was paid during the last fiscal year to one school in Nova Scotia, two in Ontario, three in Saskatchewan and three in British Columbia. I note the reason given why more of these funds were not used is that War Assets Corporation has been able to supply little suitable equipment.

While the minister is speaking on his estimates, I should like him to tell us why it was that War Assets Corporation was able to supply so little equipment to our vocational schools. I cannot believe the reason is that such equipment did not exist. During the war years I had the privilege of visiting a great many of the war industry plants in Ontario. I know something about the type of equipment used in our vocational schools, and I am confident there must have been a great deal of war assets equipment that would have been suitable for use. Because War Assets Corporation was able to supply very little I note that the provinces have only been able to avail themselves of $73,423 when the department had an amount allotted of $259,600.

I want to touch briefly on two major fields in which the department is contributing so far as vocational training is concerned. One that I overlooked is apprentice training. From the report it is evident that valuable work has been done in that field. During the fiscal year ending March, 1948, 6,286 apprentices have been assisted under the act, 3,659 of them in the province of Ontario. I also notice that for the year 1949 there has been a considerable drop in the number of apprentices who received assistance under the act. I am quite sure the minister will want to give us some explanation why there is a decreasing number of apprentices taking advantage of the privileges afforded by the legislation.

The department's greatest assistance to vocational education was in the direct contributions made to the provinces for regular vocational training in their schools. An agreement was made with the provinces whereby there was to be an annual outright grant of $10,000 to each province, which was not to be matched. It was an outright gift to each of the provinces to be used by them in vocational education. A grant was made over a ten-year period of $1,910,000 which was to be used in the development of vocational education, and there was a special contribution of $10 million to be allotted among the provinces for capital expenditures on the building and equipment of vocational schools. There is no question but that the assistance given has aided the advancement of vocational education across Canada. I am sure that the minister with his background is probably as sympathetic to the development of vocational education as any other hon. member in the house.

I would like to call to his attention this report, which indicates that as a result of those direct grants given to the provinces prior to April 1, 1948, in addition to the schools which had been assisted there were 116 schools either completed, in process of completion or approved by the department for assistance under this act, which means that fifty per cent of the cost of constructing and equipping those 116 schools across Canada would come from these funds. In his report the minister told us that in addition

to those 116 schools there were 79 new buildings or additions to existing buildings planned by municipalities, which would be built without assistance from the department.

I want to bring to the attention of the committee a resolution which was adopted by the vocational training advisory committee, a special committee set up under the act to advise the minister and the department with respect to its administration. At its meeting on October 4, 1948, that advisory committee called attention to the fact that since this act came into force in 1945 the cost of building and equipping vocational schools had increased greatly, and that the original amount voted for this purpose fell far short of achieving what those who put through this legislation had in mind. As a result of increased construction costs, fewer schools could be built than the government and the department visualized in 1945.

In view of that condition the committee recommended that a further grant of $5 million be made by the dominion for capital expenditure, to be distributed on the same basis as the earlier capital grant; and that annual grants should be increased from $2 million to $4 million. The committee felt this would be effective in carrying out the objectives of the department as set forth in the original act. I have looked through the estimates for this year and find that while the department has been able to reduce its estimates for vocational training by some $3 million because of the fact that it is not required to provide that training for those coming out of the armed forces, there is nothing in the estimates to indicate that this recommendation of the advisory committee has been accepted. The report to which I am referring states that as of March 31, 1949, those recommendations were still under consideration.

As I have already indicated, I am quite sure the minister personally is very sympathetic to this work. I am convinced that if his wishes could prevail in the cabinet the recommendations of this committee would be adopted. So I want to say, not so much to the minister as to the other members of the cabinet who help determine government policy and government budgets, that here is one field where government money can be spent to good advantage to assist the boys and girls of this country. This is one field in which there is no quarrel with the provinces. One feature of these vocational training grants is the way in which this government has been able to co-operate with all the provincial governments in the field of vocational education. I am assured by provincial educational officers and by officers of the minister's department that there has been nothing but the utmost co-operation in this field.

There are communities where vocational education is badly needed. I think of the community from which I come, the township of York. There we have an industrial population of close to one hundred thousand, with somewhere around four thousand boys and girls attending secondary schools. There we have no vocational school or vocational class of any kind. These thousands of pupils, coming from industrial homes, can get only an academic education leading to matriculation. In that community only about ten per cent of those who enter the secondary schools continue through to grade XIII, and less than two per cent of the pupils proceed to university. That is the sort of community where there is a crying need for vocational education. The township of York is one of the suburbs of Toronto. Most of the large business firms are located in Toronto, and much of the money of that community is spent in that city. Toronto derives taxation from all the large industrial and business centres, which are supported by the suburban communities. The schools of my community derive their support almost entirely from two sources, the assistance given by the provincial government and the taxes on the homes and properties of that area.

It had been planned to build a vocational school there to accommodate a thousand pupils. Today in the township of York there are well over a thousand pupils who would attend a vocational school if one were available. They were unable to get their plans to the department here before the expiration of the period for application. As a result the best that community can do without aid from the federal government will be to construct a school for five or six hundred pupils instead of a thousand, a school without a gymnasium or an auditorium, and without much of the equipment that is absolutely necessary for a vocational school. Were the department or the government to take into consideration the recommendation of this vocational advisory committee, and to include, if not in this year's estimates certainly in next year's, the extra moneys recommended, the community of York township, and many of these other 70 communities across Canada who are undertaking to build vocational schools without any federal assistance, would be able to build better schools in those communities. Those schools would be able to carry on that particular type of work more effectively.

It was my desire to call this matter to the government's attention, and I hope to hear from the minister when he speaks, whether or not his department has taken this recommendation into consideration; and whether or not they are likely to have included in the estimates grants that will make it possible for many of these communities across Canada to get further assistance.

Mr. J. H. Blackmore (Lethbridge): A discussion on the estimates of the Department of Labour automatically brings to mind the question of standards of living, because the welfare of labour is so vitally concerned with standards of living. I have been interested in the discussion thus far, and I was particularly interested in the contribution made by the member for Vancouver East and the member for Cape Breton South. Perhaps I did not see just as deeply into the general current of the thinking of those gentlemen as I should have, but it seems to me they were advocating policies which were contradictory. I do not raise these matters to criticize the hon. gentlemen, for whom I have a high degree of esteem, but merely to point out the need for some other kind of thinking.

The member for Vancouver East fittingly brought to the attention of the house a chart, which he found in the current issue of the *Financial Times*. This chart indicated that whereas the expenditure of labour and people generally on the needs of life had increased from 90 to 120 since 1947, yet the actual amount of goods which those people had been able to purchase had dropped from 90 to approximately 80. This is a solemn warning to the members of this house, as representatives of the community of Canada. Something must be done about that. Obviously, if the trend continues, a disaster of one kind or another will result.

Evidently the member for Vancouver East had in mind some measure for reducing the cost of living. I am in hearty accord with him in that objective. This immediately poses the question of how this cost of living is to be reduced. How are you going to bring down the retail prices in Canada? It is well known that if the labouring men strike to raise wages, immediately there will be another spiral of increased costs. If the labouring men do not strike, but continue with the wages they are now receiving, and the prices continue much as they are, then a generation of young Canadians will almost assuredly suffer far more seriously than this house would care to contemplate. Some means of bringing down that cost of living, then, is the thing for which we are looking. I am sure there is no one in Canada more anxious to find a formula that will satisfactorily accomplish that objective than the Minister of Labour.

The member for Cape Breton South cal d for a tax upon everyone for the sake of social security. At one time, he had in mind industrial pensions. The experience of the United States with that sort of thing, which he related, was not a happy one. This was particularly true of the coal industry.

I rather doubt that there is anyone in the house today who, in his heart, would not favour some sort of universal pension for people after about 55, when they can be absorbed no longer in industry. I should like to see a straight vote of the members of parliament, in which they would be entirely free from political consideration, just to ascertain whether there is anyone in the house who would not favour universal pensions such as I have described. I do not believe that, by secret ballot, the nays would be very numerous.

My question is, how are we going to get that universal pension? Where will the money come from? The member for Cape Breton South, a man of sound judgment, wide learning and great ability, as I have said, advocated a universal tax. It must be obvious to the member for Vancouver East and the member for Cape Breton South that if there were a universal tax the following things would happen: If the tax were upon industry, then industry would have to raise prices which would have a result directly opposite to that which the member for Vancouver East desired.

Mr. Gillis: I do not agree with that.

Mr. Blackmore: It will be necessary for the hon. member to establish that point.

Mr. Gillis: They are throwing that much and more away now.

Mr. Blackmore: I do not think a scientific examination of the facts will bear out the member's contention. If the tax were levied upon the workingman, which he apparently envisages, then there would be a reduction in the amount of money those men would have to spend. This would destroy part of our internal capacity to consume, and would tend to destroy the possibilities for employment in industry. Again, this would be the exact opposite of what the member for Cape Breton South and the member for Vancouver East would favour.

If the government made a contribution towards this universal pension, then according to present government thinking the money would have to be raised by taxation, which would in turn raise the cost of living all

over the country and decrease consumer purchasing power. It would be a good thing for those hon. gentlemen, the members of their party, and our Liberal and Conservative friends, to give a considerable amount of thought to this question during the next few months.

Mr. MacInnis: If those factors would apply to increases in taxation in the way suggested by the hon. member—I do not want him to think I am asking this question with any sinister purpose, but it falls within the argument he was making—would not the same thing apply to the increase in indemnity which the members of parliament voted for themselves in 1945 or 1946?

Mr. Blackmore: Undoubtedly, it would.

Mr. MacInnis: That should be a reason for refusing it, then?

Mr. Blackmore: It will apply to every tax which is levied by the dominion government to raise additional revenue to provide additional public services or social services, which everyone in the house advocates. That is the situation confronting us in Canada. Is there not some way of avoiding the whole difficulty?

May I just stop the review here for a minute to point out that the hon. member for Cape Breton South is virtually advocating a dividend for all. I fancy there is no member in the committee who does not recall the amount of jeering that took place and the superior attitude that existed toward the idea of a dividend for all. When fourteen years ago I first came into the house, any suggestion of a dividend for all was met with an almost violent reaction. In fourteen or fifteen years I believe we have come to the point where practically every member of the house favours a dividend. We have therefore made some progress, have we not?

If we can determine now where the money is coming from with which to pay the dividend, then our thinking can go forward another milepost. What the hon. member for Vancouver East really has in mind is what the Social Crediters call the just price, which is brought about by a compensated discount which reduces the price to the consumer. The hon. member for Vancouver East is therefore well along his way toward progressive thinking as Social Crediters look upon it. I rather think that most members on both sides of the house, both Liberals and Conservatives, would favour a reduction in price by a compensated discount, for the Liberals used it with regard to many commodities during the war, and with great success. It is too bad that they did not continue so to control price after the war. They seemed to assume that as soon as the war was over all further problems in regard to price had ceased. In reality, those problems had only just begun. No proposal has yet been brought forward for the systematic reduction of prices, notwithstanding the fact that prices are just torturing people from coast to coast in Canada. What the hon. member for Cape Breton South was advocating was a dividend for all or at least a dividend for all those who had found it necessary, for one reason or another, to leave industry.

[Mr. Blackmore.]

May I suggest to the members of the committee and to these two good gentlemen and their colleagues in parliament that money can be obtained out of production. I have heard them, in some of their moments of illumination, state that financing would be done out of production; but what they seemed to have in mind was out of taxing production. The thing our generation must realize is that you do not need to tax production in order to get money. If the producers are producing ample goods, let them produce the goods and let the government use the goods as a basis for money. In this way a government can finance projects out of production without injuring the producer or the consumer. Once this committee learns that, and once the government learns that, with all the high ideals that are actuating the government and the opposition today, Canada will be on her way to an era of prosperity and happiness that we have dreamed about in times past but have never dared to hope we would realize.

It will be necessary for me to read one or two short excerpts from men whose opinions might be expected to command the respect of the house. I am reading now an excerpt from an article in the *Financial Post* of October 5, 1940. The article is entitled "Putting Over the Next War Loan." It is by Professor A. F. W. Plumptre of Toronto university. Here are some words that might be of some value to the members of the C.C.F. and to the other members of the house. He says:

> There are some general matters of theory which must be kept in mind in preparing for the next war loan. It must be remembered, primarily and seemingly paradoxically, that the government's object is not to get money but merely to reduce the public's spending.

I am still astonished that no one, except Social Crediters, has seen fit to discuss in the house that remarkable statement. Now may I quote a little bit more. Further on he says:

> The government can always "get money" because it may, as an alternative to borrowing or even to taxation, create the required funds. This it can easily do nowadays through the leadership of the central bank and the co-operation of the chartered banks. In this way $200 million were created in this fashion last autumn.

No matter how orthodox the Minister of Labour may be, no matter how highly distasteful it may be to him to consider matters pertaining to—

Mr. Mitchell: Don't be orthodox; be sensible.

Mr. Blackmore: I am glad the minister said "sensible". I will hold him to that word.

An hon. Member: Not too strictly.

Mr. Blackmore: No matter how sensible he may be, I think he must have some respect for Professor Plumptre's remarks.

Mr. Mitchell: I do not care who he is; if he is making the implication my hon. friend is trying to make, I think he is wrong, even if he is a professor.

Mr. Blackmore: In other words, the minister just cannot be sensible about anything with respect to money.

Mr. Mitchell: Let me just say this to my hon. friend: If it is not hard to get, it is not money.

Some hon. Members: Oh, oh.

Mr. Mitchell: I know that my hon. friends say "oh, oh"; but a printing press never in all history raised a potato or grew a blade of wheat.

Mr. Knowles: What about the hair on your head?

Mr. Mitchell: Yours too.

Mr. Blackmore: You see the situation, Mr. Chairman. The minister cannot possibly see any means of improving the financial and economic conditions of Canada except through taxation. In other words, if we in Canada once get to the point where we have more production than the people in Canada can buy, the minister must throw up his hands in utter helplessness, and go down into a vast depression from which no one has any idea as to how we shall ever emerge.

Mr. Low: Then look at his labour problems.

Mr. Blackmore: I wish he could once come to realize that the thing that makes a nation wealthy, the thing that ought to make a nation prosperous, is production; and that when you get to the point where you are producing in a country more food, clothing, shelter and everything than you need, then you have reached the point where everybody should be able to go into a sort of Garden of Eden and have all that he needs.

Mr. Low: But you should make money hard to get.

Mr. Blackmore: But here is where the minister's theory will lead him. Just as soon as we get to the point where we have more production than we can consume, then prices begin to fall, production begins to fall off, employment falls off, and people go onto the unemployment lists just as they were in the 1930's. When the income of all the various producing organizations throughout Canada falls you cannot get as much in taxes from them, and the result is of course your revenues fall off. They come down to a mere dribble compared with what they were in the war, and the minister has not a single idea as to what to do about it. It will be hard enough for him to get money, all right; there will not be very much money then.

The minister likes to be sensible. Will he tell us whether the money that he was able to get during the war when revenues were at a high level, were buoyant, as the Minister of Finance would say, was just as good as the money that he could get during the depression? It was a lot harder to get during the depression. I think the minister will agree the money during the war was just as good, if we could have kept prices down, as the money which we got during the depression, which was hard enough to get. I do not think I should say any more along that line. I just wish to draw to the attention of the committee the fantastic paradoxes that the minister has got himself into by insisting on being a sensible man, and yet maintaining that in a state you cannot create money.

Mr. Low: He wanted to have fun.

Mr. Blackmore: I realize he wanted to have some fun but it was a useful bit of fun to me. I think I shall refer to it once in a while. I quoted from Professor Plumptre's remarks to the effect that the Dominion of Canada itself created $200 million in the year 1939, and created it out of nothing.

Mr. Low: That was not good money.

Mr. Mitchell: I do not want to prolong the discussion but I say to my hon. friend that Germany created a billion dollars in 1923 and there were a quarter of a million suicides the year after. I was there; I know what I am talking about.

Mr. Blackmore: The minister reminds me of the Hon. C. A. Dunning, a former minister of finance who was in the house when I first came. You could not begin to talk of these things when Mr. Dunning was here without having him protest. The answer to what I am saying is not to bring in Germany's unfortunate experience, which can be explained easily enough. It is not appropriate that I explain the German inflation. I know about it. I know what caused it, and it was not the kind of thing that the

minister implies. The simple fact is that Professor Plumptre tells us in definite words that $200 million was created out of nothing in Canada in the year 1939.

Mr. Low: And got the war started.

Mr. Blackmore: It was created after the war started. To save your life you could not have created it before the war started. If we had suggested to Mr. Dunning that he could create money he would have thrown up his hands in horror and would have almost fainted, because it would have caused inflation he would have said. When war came on created money did not cause inflation. It could be created for war. Is it not an amazing thing that it cannot be created for peace?

I think it is particularly appropriate to discuss this matter under the estimates of the Department of Labour because it affects the workingman and the production of the country more than any other single matter. As I said the other night, surely when we have our productive capacity right now at the point where we can produce more than we need, and are beginning to worry about where we are going to sell our products, the time has come to begin to think about amending our financial theories.

Mr. Macdonnell (Greenwood): Will the hon member permit a question?

Mr. Blackmore: Gladly; more than the hon. member can ask.

Mr. Macdonnell (Greenwood): I shall ask only one. The hon. member referred to Mr. Dunning. I wonder whether he has looked up the budget of early 1939, because if he does I think he will find that Mr. Dunning's views on the proper use of credit encouragement were perfectly—what shall I say—constructive. At the same time I think his views were perfectly consistent with the views which he held throughout and with the views later held by his department. I think it is only fair to that very distinguished former member of this house that that should be said.

Mr. Blackmore: Far be it from me to disparage Mr. Dunning, and far be it from me to disparage any good man. Yes, Mr. Dunning had correct ideas about finance and the expansion of credit. The trouble was that that good man did not know how to make them work in peacetime. The hon. member for Greenwood can contradict that if he wishes. The good man did not know how to make them work in peacetime. Let me put a question to the hon. member for Greenwood. He is a good man and very anxious to get at what is right. Let me ask him this important question. Between September 20, 1929, and September 30, 1933, $932 million was withdrawn from circulation in the Canadian economy, $932 million that the people needed to finance their business. From a financial point of view it was the withdrawal of that $932 million that caused in Canada, or accentuated, the depression. Can the hon. member for Greenwood answer the following question? If he can answer it—I know he cannot—I should like him to do it now. If he cannot do it now let him take time to think it over and we shall talk about it next year. The question I ask is this: Will he give us an idea of how the government of Canada between 1930 and 1933 should have proceeded to put back into circulation that $932 million, the withdrawal of which was disastrous to the Canadian economy?

Mr. Macdonnell (Greenwood): I certainly landed myself into something when I asked my question, but I do not want to let it go entirely by default. I say this, as I have said before; I think we have all learned something since the early thirties, and I think that if a situation like that appeared again governments would be more constructive than they were then. Do not let anyone think that the ignorance or lack of knowledge was all on one side. We all shared that condition and we are all perfectly right to say that we have learned something since.

Mr. Low: Wonderful.

Mr. Blackmore: That is very good. If the hon. member for Greenwood would only just take the house into his confidence and give us an idea of what would be the nature of the constructive measures so that we could learn something of what he would do.

Mr. Macdonnell (Greenwood): I am not making the speech; I am just answering the hon. member's question, and I am perfectly willing to say, as I have said before—there was an instance of it given, as I told the hon. member a few minutes ago. If he will look at the budget speech of 1939 he will find, if I remember correctly, that there was an instance given of it then. A stimulation of credit was brought forward by the finance minister of that day. I think I shall let the hon. member make the rest of his speech and I shall make mine at another time. I apologize for having intervened.

Mr. Mitchell: If I might rise to a point of order, we have been very tolerant. We have listened to a lecture from my hon. friend about funny money. If we are not careful we shall have a lecture from the next speaker on the birds and the bees. Someone else will get up and talk on something else. An hon. member close to me says that he has some

sheep killers in his riding and he could make a speech on that subject. I think we have been very tolerant, sir.

Mr. Low: That is hard labour.

Mr. Mitchell: That is true. It might do some hon. members good if we had some hard labour. I think we should get along with my estimates.

Mr. Blackmore: Since the minister wants me to discontinue I do not care to carry on. May I suggest that twenty-five hon. members could rise in their places and advocate different forms of taxation increases, and the minister would not object; but the very minute that someone rises and advocates a policy which does not require taxation, immediately the minister wants to cut that discussion off, which once more raises a very serious question as to the genuine good sense of the minister.

I am going to ask the hon. member for Greenwood one question and then I shall thank you, sir, for your indulgence in this matter. I do not think it is out of order because the hon. member for Cape Breton South and the hon. member for Vancouver East were not called out of order because they advocated taxation. I am advocating a way of raising money without additional taxation. I am going to ask the hon. member for Greenwood a question and he can answer me now or he can give the answer when he makes his speech at a later time. Would he have favoured having the R. B. Bennett administration create say $500 million of debt-free money and spend it into circulation in reduced prices or in the payment of subsidies to primary producers? If he would, then indeed he has been learning.

Mr. Macdonnell (Greenwood): I can answer that very easily; the answer is no. I agree with the Minister of Labour when he said that the printing press never produced anything that we can eat or wear.

Mr. Blackmore: I am thankful the hon. member for Greenwood raised the question. His answer shows conclusively that he has not learned one single thing, that he would be just as helpless as were those who ruled in R. B. Bennett's time when it came to putting back into circulation money to compensate for the $932 million which were withdrawn from circulation by the banking system between September 30, 1929, and September 30, 1933.

Mr. Low: The only difference between the hon. member for Greenwood and the hon. member for Lethbridge is that the hon. member for Greenwood wants the printing presses to turn out bonds.

Mr. Blackmore: The difference between the hon. member for Greenwood and myself is that he still thinks in terms of scarcity while I have learned something about how to enjoy the abundance that can be produced. I thank you once more for your indulgence. I shall discuss this matter a little later on. Before taking my seat may I say that unless we can solve this problem of distributing the abundance we can produce, unless we can so manage our money that we can have more of it the more things we produce, then we are just getting ready for the greatest depression of all time.

Mr. Gordon B. Isnor (Halifax): Mr. Chairman, I shall keep in mind the suggestion of the Minister of Labour that the next speaker should not speak of the birds and bees. I do not propose to follow the hon. member for Lethbridge in his Social Credit theories as I have not reached the state of prosperity that apparently has been reached by the hon. member. I am going to endeavour to be practical and deal with just one or two items.

I was pleased to note the broad manner in which the hon. member for Cape Breton South approached this question of social security. The hon. member and I do agree with each other once in a while. However, I am just wondering if labour did not go a little too far in pressing for pensions to begin at sixty-five years of age or earlier and thus bringing about a situation that is affecting labour itself. I throw that suggestion out to the hon. member so that he may think it over. In the next breath I want to say that I am in accord with the general principle as announced by him of social security for all. In this connection I should like to quote from a memorandum presented to the dominion government by the Trades and Labour Congress of Canada on March 24, 1949, as follows:

> We desire to call attention to the increasing difficulty being experienced by those over forty years of age in securing employment. The Department of Labour has recognized this unfortunate condition and is doing a creditable job in its campaign for the "over forties." There is, however, a growing evil that must be recognized. A major factor in the resistance of industrial and commercial enterprise to the hiring of persons over forty years of age is the establishment of private pension plans in many industries.

I pause there for a moment to bring that statement forcibly to the attention of the minister. There is an ever-increasing demand for industrial pension schemes, but I submit that these should not be carried to a point where they become a burden on industry and thus defeat the purpose intended. I feel that a contributory scheme as suggested by the hon. member for Cape Breton South is on sounder ground. There should be a

three-way contribution by the employee, the employer and the government, in much the same way as unemployment insurance is carried on. If that scheme is adopted I feel that we can look forward to the day when all those employed in industry and other types of employment will have that sense of security which they look forward to. The memorandum continues:

> The government itself is a contributing factor as it too refuses to bring employees under the scope of the Civil Service Act for similar reasons if they are over thirty-five years of age. However beneficial these limited pension schemes may be, they are acting as a deterrent to the employment of many persons over thirty-five years of age and thousands over forty years of age and are a real obstacle to the mobility of our working force.

I am going to ask the minister to pay particular attention to my next thought, which has to do with the type of employee we refer to as temporary or casual, the man who has reached the age of sixty-five years and even though he is not entitled to civil service benefits nevertheless is told by the government or others that his services are no longer required. During the war, order in council 4840 was passed to make it possible to continue that type of person in the employ of the government by extending his period of employment from year to year. I submit that the Minister of Labour should review that order in council and extend its provisions so that this type of person may be kept on until he reaches the age of seventy years.

There is a large number of employees who have given the best years of their lives to the government, but when they reach the age of sixty-five years they are told that their services are no longer required. The government is one of the large employers and I do not think it is fair that it should adopt this means of dispensing with the services of loyal employees, not because they are inefficient but simply because they have reached the age limit of sixty-five years.

There is another class of employee who I feel is discriminated against in respect to unemployment benefits. I refer to the waterfront worker. The port of Halifax is not looked upon as being an all-year-round port or place of employment. Our port is open winter and summer alike while other ports on the St. Lawrence are frozen up for the winter months. It is during the five months of the winter season that we can give employment to a large number. But what happens? As I recall, they must work 180 days out of one year as prescribed by the act. Otherwise they are not able to secure the benefits.

I suggest to the minister the limit of one year should be extended to two or possibly three years in which they can work the 180 days necessary to qualify for the benefits of unemployment insurance. I believe the minister is familiar with my representations in the past, but so far as I know no definite action has been taken up to the present time. I know that the waterfront workers of Halifax and other ports are waiting for a favourable decision from the minister as to this matter. I am hoping that he will consider today a good time to tell one of the members from Halifax that he need no longer worry in this respect, and that he can go back and tell the waterfront workers that the matter will be adjusted so that in the future the 180 days will extend over a period of two or three years.

I want to compliment the minister and his officials on the manner in which they have endeavoured to take care of older employees. Some time ago they issued a news release dealing with this matter in the following words:

> In recent years there has developed a considerable tendency for employers to emphasize youth in their selection of new employees. With the steady increase in the life expectancy of the average person, the proportion of our population forty-five years of age or older has reached approximately one-third. While older workers are found to lose or to leave their employment somewhat less frequently than their juniors, once they are out of work they are increasingly difficult to replace in jobs. These older workers possess desirable qualities of maturity, experience and stability. Their permanent retirement from employment would constitute a serious loss to the individuals concerned as well as to the national economy.

That emphasizes what I had in mind in bringing this matter to the attention of the minister. I feel that, while you have taken a step to make the situation known to employers, government branches have not taken advantage of your good advice to continue in employment the type of person to whom I have referred. I am pleased indeed to note that the hon. member for Cape Breton South recognized the fact that these large concerns do not always make the profit which he and his colleagues in the C.C.F. group are so apt to say that they do. He recognized it because he stated that he felt it should not be passed back entirely to the industry.

As I stated a moment ago, I feel that it should be a three-way proposition. Speaking personally for a moment, I know from experience that to get the best results from your employees you must give them a feeling of security. If you can create in their minds a feeling of future security, then you are going to get better results from them. A few years ago I inaugurated a pension scheme on a non-contributory basis which applies to all my employees over twenty-five years of age and up to fifty-five. I feel they would be more interested if they were contributing on a

three-way basis, as I mentioned a moment ago. We also have the Blue Cross health plan which is a great factor in satisfying our help that they are being looked after. To my way of thinking, it is not an expenditure but rather a good investment, and I get a good return for it.

I feel that large firms which have endorsed and entered into pension schemes look at it in the same way. Therefore I am happy to support those who are advocating that we enter into a very much broader scheme of contributory social security measures. I could go on to deal with the system they have in the United States, but I know the minister is quite familiar with it, as he is with the workings of all labour organizations. I stated I proposed to speak only briefly, and I am going to leave these points with the minister in the hope that he will remedy one or two, and particularly the waterfront situation which I had in mind when I rose to address these few remarks to the Chair.

Mr. G. F. Higgins (St. John's East): Mr. Chairman, I should like to join with the hon. member for Halifax in his endorsation of the hon. member for Cape Breton South advocating industrial pensions. I see the need for such a plan. Frankly, I tried to understand the argument of the hon. member for Lethbridge, which I presume was against the suggestion. It may be that I have not been here long enough, but I did not follow his argument clearly enough to understand what he was talking about. Possibly that may be because I am more accustomed to maritime language, and the language of the hon. member for Cape Breton South and the senior member for Halifax is quite direct on the point. I do not feel any necessity to labour the matter any further.

Mr. Blackmore: If the hon. member will permit me to put the record straight, may I say that I am entirely in favour of pensions. The only difference between me and the hon. member for Cape Breton South is that I favour a different method of financing them. It should not be done by additional taxation.

Mr. Higgins: I do not think it needs any further explanation. We are all agreed on the principle. It is only a question of how to finance it. It seems to me that the principle enunciated by the hon. member for Cape Breton South is a fair and reasonable one, and one that is easily understandable and workable. It is a three-way system involving contribution by the employee, contribution by the government and contribution by the employer. All the money that is being frittered away at the present time in numerous pension schemes all over Canada would be much better employed if it were controlled in some manner by the state, as the hon. member for Cape Breton South suggested. No workman wants to have to take an old age pension. It is a form of dole. When a workman finishes his period of labour he has earned the right to be kept. No matter how frugal a workman may be, it is very seldom that he is able to put by sufficient money to be able to keep himself when he is no longer able to work. The ordinary decent workman does not want to have to receive an old age pension, and he should not have to in a country such as Canada which is capable of producing sufficient money through the sale of its produce to ensure that all the people of the country will have the right to live out their lives in happiness, particularly when they come to the time when they are no longer able to produce.

For that reason I feel that the minister would do well to investigate the matter carefully. I know that for many years the hon. member for Cape Breton South has been connected with labour matters in a practical way. He has studied the subject carefully and he speaks with full knowledge. My own connection is comparatively short, and therefore my endorsation would not mean a great deal compared with his. But I point out to you, Mr. Chairman, that this policy has been adopted already by the party of which I have the honour to be a member, so with that endorsation I think we are all in agreement.

I am particularly worried about the situation that is developing in the province of Newfoundland, and that is what I want to direct the minister's attention to this afternoon. Hon. members are aware that we had hoped to substantially reduce the cost of living in our province as a result of confederation with Canada. The official cost of living index as at September 4, 1948, stood at 184·8. The same index as at September 3, 1949, was 173·4, showing a drop of 11 points. But that is not the real position at all; we all know that figures obtained in this manner are not the most reliable. I submit quite honestly from my knowledge of what has happened that if our cost of living has been reduced by five per cent that is as much as it has dropped.

Right now we are faced with growing unemployment all over the island. Recently the premier announced with a great flourish of trumpets that he would soon be making a statement concerning the iron ore of Labrador. Two days later he made that statement, and said work was going to be provided for

ten thousand men. I am still worried, however, because the *Financial Post* of December 3 has this to say with respect to that announcement:

> New financing for Labrador-Quebec iron ore development from six major steel companies as announced this week by Jules R. Timmins . . . will be followed by an immediate start on the 360-mile railroad . . . Work this winter will be on the tote road—not the actual rail line.
>
> But it won't mean an immediate "10,000 new jobs for Canadians" as heralded this week.

That is very unfortunate; but we are also faced with the problem of secondary industries closing down. Only this week in reading the Newfoundland newspapers I saw that five secondary industries had closed within the last week or two. These include a mattress manufacturing plant, a shoe factory, an underwear factory, a clothing factory and a paper bag company. It is true that they do not employ large numbers of people, as compared with the big factories up here on the mainland, but every person who loses his employment makes the situation that much more serious. At the present time some five thousand workmen are in receipt of a kind of dole. It is supposed to be work, but actually it is a dole. They work a forty-eight hour week for $13.20, the theory being that they are to work for two months and then qualify for unemployment insurance. I do not know how that will work out, and I should like to ascertain whether that will be possible. These men work one day and give the next day's work for nothing; they do not get paid for the second day. I do not believe they will be able to work long enough to qualify for unemployment insurance. Just imagine, in this great country of ours, people getting $13.20 for a whole week's work. The only thing that can happen, the obvious thing, is that the family allowance cheques will be used for purposes not intended by the act. There is no question at all about it; it has to be that way.

Another matter I am afraid I will have to raise in this house is one I mentioned some time ago when I asked the Prime Minister what action was being taken with regard to the increasing unemployment in Newfoundland. At that time the right hon. gentleman replied that federal works were going to be expedited. Well, as far as I am concerned there is no question about the works being expedited, but this unemployment does not exist in only one part of my province; it is all over the country. The major centres such as Corner Brook and Grand Falls would not be as severely affected. I noticed this week that the plant at Grand Falls is going on a five-day shift, while the sulphite mill at Corner Brook is getting ready to close; but those centres are not so badly affected as the capital city and the settlements around the coast. The public works that are to be undertaken and some of which are actually under way in order to combat unemployment have been allocated by districts, and the district of Burin-Burgeo is to receive $109,735.

Mr. Fournier (Hull): On a point of order, Mr. Chairman, when my estimates are before the committee the hon. gentleman will have ample opportunity to speak about public works. Now we are discussing the labour estimates; and I would not be ready at this time to answer questions because my officials are not here.

Mr. Higgins: I am not going to ask any questions. I have the answers in a return I received the other day.

Mr. Fournier (Hull): But these matters should be brought up on my estimates, when I will have all the answers to any questions which may be asked. I do not think it is in order to discuss my estimates on the labour estimates.

Mr. Higgins: I am discussing unemployment, and surely it is proper to draw attention to what is happening down there and the need for such works in a particular district. Is there any objection?

The Chairman: The hon. member must discuss the estimates of the Department of Labour.

Mr. Fournier (Hull): There certainly is an objection to a discussion of my estimates at this time.

Mr. Higgins: Then without asking any questions I shall simply point out that of an expenditure of $359,000, only $11,000 has been allocated to the constituency of St. John's East.

Mr. Fournier (Hull): Probably that is because it has less unemployment.

Mr. Higgins: That is not where there is less unemployment. The two constituencies of St. John's West and East are to get $40,000 between them, and those are the two districts which did not elect Liberal candidates. That is why so little money has been allotted to them; I cannot see any other reason. We do have unemployment there, and I am drawing this to the attention of the Minister of Labour to see if something cannot be done to take care of that unemployment. I am not asking for answers from the Minister of Public Works, but I do advocate most

earnestly that in the distribution of unemployment assistance, which the Prime Minister suggested was being done through expediting public works, at least they should be distributed all over the island.

Mr. Fournier (Hull): On another point of order, Mr. Chairman, public works is not the department which was set up to deal with unemployment. If the hon. member reads the act he will see that our jurisdiction is confined to public buildings belonging to the federal government and to works along the coasts and rivers. There is no suggestion that my department should put up post offices or other buildings in order to relieve unemployment. That is not the purpose of the public works department.

Mr. Higgins: I am not talking about that. I say these public works should have been distributed fairly.

Mr. Fournier (Hull): We can discuss that on my estimates.

Mr. Higgins: I am quite aware of that. I am merely bringing this definitely to the attention of the minister because of our position in Newfoundland. During the depression years the incidence of tuberculosis became very high. If in that province now we are to have unemployment, with people unable to obtain food, the tuberculosis that we have been trying to control as best we might will make great inroads on the population again. Only recently I read in one of the Toronto newspapers that some resident of that city objected to people from Newfoundland coming up to this part of the country without being X-rayed. He said that before confederation they had to be X-rayed, and now they are coming in there without being X-rayed.

The Chairman: Order. I do not think the hon. member is speaking to the item.

Mr. Fournier (Hull): The hon. member is certainly far away from matters concerning the labour department.

Mr. Higgins: If I am, I shall conclude in a moment. I am only asking the question with a view to ascertaining whether some other assistance can be given to combat this unemployment which is so rampant.

Mr. Mitchell: I should like to tell my hon. friend that since April, 1949, until today, this department has spent approximately one million dollars in unemployment insurance in the province of Newfoundland. It is running at the rate of $53,000 per week right now, and that is not chicken feed.

Mr. Higgins: I am not saying it is not. I am saying that most of these unemployment insurance benefits have now expired, and the people who were receiving them are still out of work. Under the plan for union, the people who were out of work were given six months' unemployment insurance, which is now exhausted, and those people still have not found work. I am not ungrateful for the benefits we have received under confederation; I am not unmindful of that. I would be obliged, however, if the minister could answer my question on unemployment conditions in my province.

Mr. Thatcher: I only want two minutes of the minister's time. I should like to ask him—

Mr. Mitchell: I should not do this. Everybody is bursting forth into song, but perhaps that is because it is Saturday afternoon. I thought we would have a discussion on broad principles, such as those discussed by the member for Cape Breton South and the member for Vancouver East, when they talked about communism in trade unions. I thought such speeches might be delivered on the main item, then the questions could be asked on the various items. It is a physical impossibility for me to remember all the points raised by my hon. friends this afternoon. I shall do the best I can to answer them.

Mr. Thatcher: I thought the minister wanted to save some time, and that is why I said I would only take two minutes.

Mr. Mitchell: I know my friend's two minutes.

Mr. Thatcher: There is one point which concerns the municipality from which I come, and that is relief costs for unemployment. I took this matter up with the minister before, and he has definite views on it. Possibly his views are right but I do not believe so. Back in the depression years, a great many municipalities in Saskatchewan and across Canada went bankrupt because they were keeping so many people on relief. The costs of that relief were almost prohibitive.

Once again we are starting to see unemployment in various sections of the country today. As yet it is not serious, but it may become serious. Various municipal councils are worried about the fact that the federal government is not paying part of the costs of keeping those people today. The minister will say that we have unemployment insurance today, and rightly so. It is a great step forward since the last depression, but only a step. After a few months the unemployment insurance benefits are exhausted, and those people have to draw the dole. At the

present time, the only source from which that assistance comes is the municipality or the province.

My point is this. Within a month or two, we are having a dominion-provincial conference, and surely that would be the appropriate time to discuss what can be done in sharing the costs of relief between the three levels of government. I feel very strongly, Mr. Chairman, that relief or welfare costs of that sort are not the responsibility of the various municipalities. I warn the minister of something he knows better than I do, and that is that unless the federal government is prepared to pay some part of the relief costs we are going to see hundreds of municipalities in bankruptcy again when the next depression comes. Moose Jaw had 6,000 people on relief out of 20,000 in the thirties and went bankrupt. Swift Current and Prince Albert went bankrupt. I do not want to see that happen again.

I am hoping the minister will offer some solution at the dominion-provincial conference, which would enable the federal government to help pay a part of that cost.

Mr. Mitchell: I want to say this to my hon. friend right away, that I think I know something about conditions that existed in Saskatchewan during the years he was probably at school. I do not say that disrespectfully. The finances of the province of Saskatchewan have never been better in their history; employment in Saskatchewan is as high as in any province in the Dominion of Canada at the moment. The hon. member talks as though we were standing on the brink of a precipice.

Mr. Thatcher: No; on a point of order, I am afraid of what may happen if another depression comes.

Mr. Mitchell: The trouble with people who express such opinions is that they are afraid the sun will not shine tomorrow morning. During the war I had to listen to complaints about the shortage of manpower. This government was criticized because some men had the courage to go and fight, so that freedom, as we understand it, could endure. I went through that. Ever since the end of the war, these people have been predicting such terrible times.

In my department, I have a research staff. The year before last, they predicted fairly accurately what employment conditions in the Dominion of Canada would be. They predicted fairly accurately what would happen last year, and I expect the same will be true of this year. It may be that the third time their judgment will be wrong, owing to some possible international complication; I do not know. I think the best way to ensure bad conditions in the country is to keep on talking about them. I shudder to think what would happen to this country, or to freedom as we understand it, if, during the war years, the people who had the responsibility which some of us bore had taken the negative position which some of my hon. friends take upon occasion. I am hopeful. I am an optimist, like the Minister of Trade and Commerce. I am not looking forward to the conditions which some people predict for this country. I have never taken that view. I take the opposite view, and I think it is a good thing that most of the Canadian people share my view.

Mr. Thatcher: Perhaps the minister did not understand me. I quite frankly admit that I am surprised that the government has done as well as it has since the war in keeping full employment. I am surprised, and I admit it. But that does not mean that we should not profit from our experience in the last depression. The various city councils are writing to the members to say they are worried about relief costs growing to a greater extent than they can afford. All I am suggesting to the minister is that we should prepare for a depression in case it does come. I hope it does not arrive. These municipal councils are worried. The minister will see a great many municipalities go bankrupt once again unless some federal source of revenue is available to help carry these relief costs.

Mr. Mitchell: Does my hon. friend know what the relief costs were in Moose Jaw last month?

Mr. Thatcher: No, I do not.

Mr. Mitchell: I thought so.

Mr. Thatcher: My city council wrote asking me to take this matter up with the minister. I am sure he does not resent it, because he knows I am doing what I was asked to do. They are quite concerned because Moose Jaw was one of the cities which did go bankrupt. It is one of the cities which is on the borderline now, and substantial relief costs would put it into bankruptcy again.

Mr. Knowles: It was my intention to make a speech on this item, but I am prepared to forgo it, providing I can protect my right to speak on matters having to do with fair wage provisions and so on, on item 144 and on some of the other items. That is all I want to say, except for one other point; I had hoped that the minister might answer some of the questions that have been asked. He will probably deal with them as we come to the items if we remind him about them.

I do not, however, see where he might answer the questions asked by the senior member for Halifax with respect to the question having to do with the employment of people over forty, except on this item.

Hon. Humphrey Mitchell (Minister of Labour): I do not intend to speak for long, Mr. Chairman. If you cannot say what you want to say in twenty minutes, I believe you should not get on your feet.

Mr. Harkness: You have been getting up at the wrong time, then.

Mr. Mitchell: I believe that also. More people talk themselves out of this place than ever talked themselves into it.

Mr. Harkness: Give us a demonstration.

Mr. Mitchell: Just look at me. The first question raised by the hon. member for Calgary West, the hon. member for Cape Breton South and the hon. member for Vancouver East was with regard to communism in trade unions. I think that events have vindicated the position taken by all parties in the house on that problem when we framed the Industrial Relations and Disputes Investigation Act, leaving it to the trade unions themselves to discipline these people within their own ranks, having regard to the educational facilities that are provided by adopting a policy of that description. I think it is far better to do that than to pass laws such as those that are in force in some countries, although we were strongly advised to do so. My hon. friends who have lived in the same atmosphere as I have lived practically all my life know quite well that you cannot declare an organization illegal, particularly when you are dealing with communists who have no morality whatsoever, and where they change the name of their organizations every day in the week to suit their purposes. I think it might also be truthfully said that the industrial conditions in this country have vindicated the sound common sense shown by all of us in the framing of that legislation. Everybody did not get his own way. As I have said before, this is the genius of our constitution which is based on the spirit of compromise.

The question of industrial pensions was mentioned, I believe, by the senior member for Halifax and by the hon. member for Cape Breton South. I am speaking now as an individual. I think the position taken by both of my hon. friends is a sound one, in that once you make an agreement with a private employer for a pension scheme, there is no guarantee that that business will be in existence ten years from now. I do not care who it is, there is no guarantee. A representative of one of the largest corporations in North America came to see me not long ago, as both sides have been coming to see me for advice or otherwise—and sometimes otherwise.

Mr. Knowles: Which did they get?

Mr. Mitchell: They got the best advice I could give them; and I might say that it does not cost them anything. You can get a great deal of advice that you pay plenty of money for; you can get advice of the character that you want to hear, and you pay well for it.

Mr. Knowles: "If it is not hard to get, it is not worth anything" is the minister's motto.

Mr. Mitchell: I agree with my hon. friend that there is no guarantee that the largest corporation in North America will be in existence ten years from now. There may be mistakes on either side that will send these companies into liquidation, and all their schemes will fall to the ground. Do not forget this fact also. No one yet has ever sat down and figured out, on the basis of the purchasing power of the dollar, whether the economy of North America can stand a pension plan of $100 a month. What I mean is this. I have been in trade unions when we set up insurance schemes, with all the best intentions in the world, and found that we reached a stage where the schemes were proved to be actuarily unsound in the light of experience. That is why I believe in the contributory system under the state itself.

I think that what we all should do is this. All these things must be paid for. I think the recipients should know the cost before they go into any undertaking of that description. In my judgment, there is a limit to taxation of the individual. I am not speaking as some people do. I am speaking of the individual and the producer; that is who pays. In all these schemes of social welfare, it is a matter of distribution of the national wealth. Following the suggestion of the hon. member for Lethbridge, if you get the old printing press out, you can guarantee any amount of pension; all you have to do is to turn the handle. But in so doing you reduce the real value of the pension that was promised when the scheme went into operation.

I cannot quarrel with the approach of the hon. member for York South to the question of education. I can truthfully say that I arrived in Canada on Wednesday evening, got a job on Thursday morning, and have never been out of work for one day since then. As I have said before, I may have been fortunate, but I came with a good trade in my hands. Somebody must do the work in a nation. Everybody cannot go to university. More fools come out of universities than ever came out of technical schools.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

An hon. Member: Take that back.

Mr. Mitchell: No, I will not take it back. The woods are full of what I call economic and financial crackpots, and in my judgment they got the world into more trouble than the working people ever did. One need only go to some of these international conferences and take a look at these international gypsies who roam around all over the world from conference to conference. That is why I am a great believer in technical education. Recently I was in Vancouver when they opened a magnificent technical school there. Strange to say, I opened a technical school in Victoria. I thought I would never live to see the day when a technical school would be opened in the city of Victoria. That just shows the development that has taken place; and in every province in Canada I think it has been quickened by the leadership given by the parliament of Canada in connection with technical education. My mind goes back to the establishment of the first royal commission on technical education. I knew some of the members of that commission which brought about the Vocational Education Act and made possible to a large degree the establishment of technical institutions in Canada.

In passing let me say also, if I may be permitted to do so in a humble way, that I was secretary of the national labour supply council, which worked out the principles underlying the war training that was given. After the fall of France in 1940 in co-operation with the municipalities and provinces, we set in motion a scheme that made possible the education, in a technical sense, of the men and women engaged in war industries and also those in the armed forces. I pay this tribute to the three divisions of government—the municipalities, the provinces and the dominion. I think it is only fair to say that in passing.

Most of the other matters will come up in detail on the estimates.

Mr. Noseworthy: What about the increased grant?

Mr. Mitchell: What grant is that?

Mr. Noseworthy: The grant recommended by the council.

Mr. Mitchell: Do you mean the resolution you read?

Mr. Noseworthy: Yes.

[Mr. Mitchell.]

Mr. Mitchell: My hon. friend can rest assured that, as far as I personally am concerned, I will see that it is considered by the government. I will play my part in that regard. I think that is all I shall say at the moment. I have spoken in general terms of the basic principles raised by my hon. friends in this discussion. I do not know whether I have missed anything. If I have, perhaps they will remind me of it when we get into the items.

Mr. Isnor: What about the question I asked?

Mr. Mitchell: The hon. member is speaking of the longshoremen.

Mr. Isnor: Yes.

Mr. Mitchell: The question is being studied at the moment.

Mr. Isnor: And favourable consideration is being given to it?

Mr. Mitchell: Well—

Mr. Knowles: Will the minister answer the other question asked by the senior member for Halifax? He asked whether the Department of Labour was drawing to the attention of other departments of government his recommendations with respect to the employment of people over forty.

Mr. Mitchell: That is generally understood. I would say that I do not have to draw it to anyone's attention. Everybody knows the problem. I think it can be said that through the unemployment offices great strides have been made in an educational way to assist those older people in obtaining employment, and also the handicapped. We have gone a long way in the last ten years in that regard. May I say also that employers lack judgment when they will not employ a person because he is forty years of age. In most cases the person is married and has all the stability that goes with that. They are trying to raise a family. I hope that the discussion here today will raise the question in an educational way right across the dominion.

Mr. MacInnis: I do not mind the Minister of Labour being vague in answering questions and in being adept at covering them up with aphorisms, maxims, clichés and all that sort of thing.

Mr. Graydon: Those are big words.

Mr. MacInnis: I have been associating with government departments for a long, long time. I know how far you can get in a government department if you have not a university education, in spite of all the fools that come out of the universities.

Mr. Graydon: It is contagious.

Mr. MacInnis: You cannot come in contact with people without partaking somewhat of their character, although I hope I shall not get like the Minister of Labour. What I object to the Minister of Labour doing, and what he is not going to get away with, is this. When I draw to his attention the growing unemployment situation in the province from which I come, and which he cannot deny, he says that I am hoping for a bad unemployment situation throughout the country. That is a vile slander which I am not going to take from the Minister of Labour or from anyone else. I am just as good and as reasonable a citizen as the Minister of Labour, if I am not quite so comfortable, and my word and my character go just as far with those who know me as those of the Minister of Labour. I am just as much in favour of order and stability as he is. Perhaps I can see more clearly, because when I go home to my constituency and people call up and ask if they can come to see me to talk about their old age pension, the need for employment assistance or about a dozen and one different things that the poor need, I am so close to them that they can reach me without a telegram that I need not answer if I do not want to.

Mr. Mitchell: I want to say this to my hon. friend. I think he took too much upon himself. I was casting no reflection on the hon. member for Vancouver East.

Mr. MacInnis: A reflection should not be cast on anybody.

Mr. Mitchell: I am speaking in the singular now, not in the plural.

Mr. Knowles: Is that because of your university education?

Mr. Mitchell: I have not done so badly without one.

Mr. Higgins: I should like the minister to answer my question. Perhaps I did not frame it very well. Under the present scheme of work in Newfoundland will the workers be eligible for unemployment assistance? If so, how long will they have to work before they can get it?

Mr. Mitchell: Newfoundland, of course, is under a special arrangement which was made when they came into union. The sum of $3 million was voted this year.

Mr. Higgins: I thought it was $2 million.

Mr. Mitchell: An additional million appears in the supplementary estimates, making $3 million. With regard to the public works program to which my hon. friend refers, I have not a great deal of knowledge of it except what I have read in the newspapers. The hon. member can rest assured that the people who qualify under the regulations will get the benefit just as though they had made the 180 payments which individuals make in the rest of Canada.

Mr. Higgins: They work one day free, and that is what I was asking about.

Mr. Thatcher: Perhaps the minister will answer my question. If he has answered it I did not understand him. Will he say whether the government will consider at the present time paying any portion of relief costs? If they will not, will they consider discussing the matter at the dominion-provincial conference? Or is it a closed subject at the moment so far as the government is concerned?

Mr. Mitchell: My hon. friend is asking me to do something that I cannot do. The chain of correspondence is not between the federal government and the municipalities; it is between the federal government and the provincial government. There is nothing evasive about that. The municipalities are the children of the provincial governments. I could not tell him whether it is to be discussed at the conference. That conference has to do with the respective powers of the dominion and the provinces and the amending of the British North America Act. In that connection I have my own views on some things.

Mr. Thatcher: So far as the government is concerned it will not consider any portion of relief costs.

Mr. Mitchell: I have not said that.

Mr. Thatcher: You are not paying it, then?

Some hon. Members: Question.

The Deputy Chairman: Shall the item carry?

Mr. Thatcher: I should like an answer.

Mr. Mitchell: I am not sticking my neck into that noose, and that is understandable.

Mr. Thatcher: I do not think it is an unreasonable question. Municipalities in Canada have substantial relief costs. They would like to know whether the federal government will pay some share. Will the minister say that the federal government is considering paying a portion of relief costs at the present time? Yes or no?

Some hon. Members: Carried.

Mr. Thatcher: No.

The Deputy Chairman: May I point out to the hon. member that he has asked the question three times.

Mr. Thatcher: I know, but I have not received an answer.

The Deputy Chairman: The minister has answered three times. I do not know when we are going to stop.

Mr. Thatcher: Will the minister answer?

Mr. Fournier (Hull): The hon. member is not satisfied with his answer.

The Deputy Chairman: Sometimes it is difficult to obtain the answer that one would like to get.

Mr. Thatcher: Then I take it the minister will not answer.

Mr. Mitchell: The hon. member can stand there until the resurrection, but I have answered him.

Mr. Thatcher: What was the answer?

Mr. Mitchell: The answer is that I am not the government; I am merely a member of the government. I cannot speak for the government.

Mr. Thatcher: Cannot the minister say yes or no?

Mr. Mitchell: As you get older you learn, my boy.

Mr. Black (Cumberland): Has the minister any statement to make with respect to the unemployment situation in Nova Scotia and in New Brunswick as compared with a year ago? The impression I get from the information that comes to me is that there is a general deterioration in employment in Nova Scotia. In some sections the situation is alarming. What reports does the minister get from that part of Canada?

Mr. Mitchell: As my hon. friend knows, there are spotty unemployment conditions in the maritimes. A special committee has been set up to study the matter. I can go that far with my hon. friend.

Mr. Black (Cumberland): Are any plans under way to provide more employment in those spotty places in that part of Canada? Have any steps been taken to transfer the people who are out of employment in those spotty places in Nova Scotia to other parts of Canada where employment is available?

Mr. Mitchell: I will answer the last question first. We have endeavoured to do that several times and have not been very successful. Apparently they like to live in Nova Scotia rather than in other parts of Canada, and I can understand that from what I have seen of some parts of the province.

[Mr. Thatcher.]

Item agreed to.

143. Annuities Act, $785,871.

Mr. Knowles: The minister will recall that in April, 1948, the government passed an order in council changing the interest rate with respect to annuities which had the effect of increasing the cost to the purchaser. A little later in that session there was a debate on a bill to amend the Annuities Act. That debate was not concluded because in due course the Minister of Trade and Commerce moved the adjournment of the debate and it was not resumed.

During the course of that debate and also another debate with respect to the Annuities Act which we had on a motion to go into supply, the action of the government in raising the cost of annuities was opposed quite forcibly. On June 30, the last day of the session, the minister announced that at the next session a special committee would be set up to deal with the Annuities Act. When the next session came along I asked him if it was intended to carry out that promise. The answer I received was somewhat evasive. However, when I asked the same question at the beginning of this session there was nothing evasive about the answer. The minister's answer was quite clear and direct; he said no. I felt, and so said at the time, that that was breaking a definite promise because the minister had told us in plain language on June 30, 1948, that a special committee would be set up. It looked as though the promise to set up a committee grew out of the discussion on this matter and the dissatisfaction that was felt regarding the increased cost of annuities. I think it was unfair, I think it was a mistake, and it certainly was a broken promise for the government not to go ahead with the setting up of that committee. I am going to ask the minister now if consideration will be given to setting up such a committee at the next session.

Mr. Mitchell: I do not think the hon. member should be too quick in talking about broken promises. A man may say a thing but in the light of experience it may turn out six months later that he was wrong. I have a recollection of what I said at the last session.

Mr. Knowles: And the session before that.

Mr. Mitchell: We went through an election and my hon. friend will remember that it was a very hot summer. I do not know whether he suffered from the heat, but I certainly did.

Mr. Knowles: It was pretty warm out our way.

Mr. Mitchell: I guess it was. My hon. friend will remember the reduction in the interest rate from 4 to 3 per cent. I was informed at that time by my actuaries that unless that reduction was made there would be a deficit of $150 million in the fund in the course of the next ten years. It was pointed out that at that time government bonds were paying 3 per cent and it was felt that you could not differentiate between two classes in the community. It was suggested that the insurance companies had made representations, but if they did those representations were not made to me.

It is a great responsibility to have under your direction trust funds belonging to other people. I quite appreciate that it might be argued that the people of Canada can pay if mistakes have been made, but I do not think that that is the right approach to it. I have always taken the view that these annuities should be on a sound actuarial basis as far as was humanly possible. There are many arguments that can be advanced in connection with the interest rate, but it must be remembered that the cost of administration is paid by the Canadian government. My hon. friend can rest assured that this question along with others is being studied at the moment.

This has been a short and heavy session and, in the very nature of things, first things have had to come first. As the government, we had to take the responsibility of introducing legislation which we thought could be passed during this short session. I hope it will soon be over; otherwise we shall have a Christmas tree on the floor of this House of Commons. I am hoping that we shall all get home for Christmas.

Mr. Knowles: The minister did not answer my question. I asked about the committee; I did not ask him to defend the action taken by the government in the order in council passed in April, 1948. He has tried to defend that action, which I think was indefensible. I am willing to argue the point; I am also willing just to state that I think that action was wrong. But I am asking whether consideration will be given to setting up the committee which was promised on June 30, 1948.

Mr. Mitchell: I would say yes.

Mr. McLure: Are these annuities sold by salaried salesmen or commission salesmen? I notice there is an item of $324,000 paid as commissions.

Mr. Mitchell: They are sold on commission.

Mr. McLure: No salaried men at all?

Mr. Mitchell: No.

Mr. Murray (Cariboo): Many people throughout the country know very little about this system of annuities and I wonder if the minister would not consider putting on an extensive advertising campaign. Most of the farmers throughout the country know nothing about this system of annuity. I suggest that the billboards, the radio and other advertising media be used.

Mr. Mitchell: A total of $50,000 is being spent this year for advertising.

Mr. Murray (Cariboo): I hope some of it will be spent in the northwestern part of the country.

Mr. Harkness: I endorse what has been said by the hon. member for Cariboo. I think much more could be done to make the people of this country aware of this annuities scheme. How successful has the scheme been during the past year? Has there been any decrease in the annuities sold due to the reduced interest rate? I notice there is a small increase in the appropriation but that would not necessarily indicate that more business is being done.

Mr. Mitchell: Since the reduction in the interest rate there has been a decrease of around 50 per cent, speaking from memory.

Mr. Harkness: That would seem to be sufficient indication that the reduction in the interest rate was a mistake as far as this scheme to enable people to secure their own old age is concerned. The committee which was asked for should certainly be set up early in the next session so that it could go into this matter and possibly recommend that the interest rate be increased or other measures be taken which would increase the popularity of these annuities. I think all will agree that the more people who take advantage of a scheme such as this and thereby look after their own future needs, their own old age, the less burden there will be upon the taxpayer and the state.

Mr. Mitchell: I want to say this to my hon. friend, if I may, that at the moment at 3 per cent, with the administrative cost borne by the people of Canada, it is the cheapest form of insurance in the dominion.

Mr. Johnston: I remember quite well when the interest rate was reduced. I was opposed to it then, and I am opposed to its continuing at a low rate now for the very obvious reason that it is the only form of investment in which the ordinary man has a chance to put his money with the hope of providing for his old age. There is no other form of investment available to the ordinary man. The ordinary man is not in a position to lend moneys on house mortgages. The mortgage

companies, loan companies and insurance companies are so organized that they can lend their moneys at 6, 7 and 8 per cent.

An hon. Member: Where?

Mr. Johnston: Almost anywhere.

An hon. Member: Five per cent.

Mr. Johnston: Come on out to the west.

Mr. Smith (Calgary West): It is 5 per cent in Calgary.

Mr. Johnston: The point is that these institutions are so organized that they can do that. At the moment I am not saying whether or not it is the right thing, although I can very easily do so. I think it is decidedly too high, but the point is that the ordinary man is not in a position to do that. Annuity investment was the only thing available to him in order that he might provide for himself in his old age. The very fact that the business in annuities has dropped practically 50 per cent, as the minister has just indicated, shows that the ordinary person has been deprived of that form of security. The very purpose of annuities was to give these people the assurance that they would be taken care of in their old age. Fifty per cent more people are going to be dependent on some form of charity in their old age because the government reduced the interest rate, and thus prevented them from taking out insurance in the form of annuities.

It is true they can purchase dominion government bonds and get 3 per cent, but it is not always easy to get hold of them. Government bonds do not go on paying interest in perpetuity for the safekeeping of the individual. Annuities were the only form of saving for such individuals, and now they have been deprived of that because the interest rate was lowered. I fully support having a special committee at the next session of the house to go into the question of annuities once again in order to see if it is not possible to reinstate the interest rate so that our people will be encouraged to invest in them to take care of themselves in their old age instead of having to rely on charity. I think it would be a fine thing if a committee were set up at the next session of parliament to go into the matter most thoroughly.

Mr. Brooks: Business has decreased by 50 per cent, and I should like to ask the minister why it is that the number of employees in that branch of his department has increased from twenty-eight to thirty-seven. I notice that where there were five principal clerks before there are now six; where there were two clerks, grade 4, there are now five; where there were four clerks, grade 3, there are now seven; where there was one clerk, grade 2, there are now six; and where there were two stenographers there are now three. I wonder why there has been such an increase in the personnel of the branch and at the same time a great decrease in the business.

Mr. Mitchell: The answer to that is quite simple. We are trying to develop a group plan, and the staff was necessary to survey group insurance.

Mr. Brooks: Less work, more employees.

Mr. Mitchell: Not necessarily.

Item agreed to.

144. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $308,617.

Mr. Knowles: When we were on the administration item I offered to omit my general speech, at the same time protecting my right to raise a couple of matters on this item which are related to it.

Mr. Smith (Calgary West): Are you going to make a general speech now?

Mr. Knowles: No, it will be quite specific.

Mr. Smith (Calgary West): I was going to ask you to excuse me if you were.

Mr. Knowles: No, I would much rather have my friend from Calgary West remain here. I assure him I shall deal with a very specific matter, and I think he will support what I say. The other day I referred to the fact that there are times when workers on federal government projects have difficulty in getting the full advantage of provincial labour legislation. I said I had a letter upstairs. The quickest way to deal with the matter is to read the letter.

Mr. Mitchell: Could you outline it?

Mr. Knowles: It would take longer to outline it than it would to read it. It is addressed to Mr. D. Swailes, M.L.A., at Winnipeg, and was written to him by the Hon. Charles E. Greenlay, minister of labour of the province of Manitoba. It is dated November 2, 1949, and reads:

Dear Sir:

I have your letter of November 1. Provincial legislation cannot bind the Dominion of Canada, hence the Manitoba Vacations with Pay Act cannot be "violated"—

The word "violated" is in quotation marks; that is an interesting use of that word.

—by military authorities in their employment of civilian personnel. It is my impression that some unions have been able to negotiate with the military authorities for voluntary recognition of benefits accruing under provincial legislation. Where the

dominion voluntarily undertakes to meet standards appearing in provincial legislation and regulation, the provincial authorities acquire no status to enforce these standards; therefore correspondence on the subject should be addressed to the dominion department concerned.

Yours very truly,

Charles E. Greenlay,
Minister of Labour

I recognize the constitutional position implied in that letter, but it seems to me that, in view of the fact we have reached the stage where we have fair wage provisions, the federal government should lean over backwards to see to it not only that such provisions are lived up to but that the rights accorded to workers in the provinces are fully enjoyed when they are engaged on federal projects. This has to do with work under the Department of National Defence. Surely it is the job of the Minister of Labour to try to persuade his colleagues, the heads of the other departments, to go the whole way in seeing to it that provincial rights accorded to labour are met when people are working on federal projects.

The particular matter in hand was the implementation of the Manitoba Vacations with Pay Act. Since it has been said today that the minister has not so much to do these days, I urge him to interest himself in the matter, and to try to get provincial rights accepted without question and recognized on all federal projects.

Mr. Mitchell: I should like to point out to my friend that I have plenty to do. It is a misstatement of fact that I have not much to do.

Mr. Knowles: I merely had in mind the fact that it was said several times to the minister this morning that he was not having as difficult a time as he had a few years ago.

Mr. Macdonnell (Greenwood): He said he had been lazy in the last year.

Mr. Knowles: I thought it would be a good idea to keep him on his toes. I turn now to a matter concerning which I have had correspondence with the Minister of Labour. It grew out of my receiving from the president of the Winnipeg and district trades and labour council, Mr. Andrew Murphy, a copy of a letter which he wrote to the Minister of Labour on October 24. It is a long one so I will summarize it. The burden of the letter was that certain government bus contracts had been withdrawn from a union shop in Winnipeg with which contracts had been placed during the war years, and they were being given to a non-union shop in the same city. Mr. Murphy asked the minister to use his good offices to see that dominion government contracts were placed with union shops paying good wages rather than with non-union shops. I wrote the minister on October 26 endorsing the representations made by Mr. Murphy, and had a reply from the minister dated October 29 in which he said:

Dear Mr. Knowles:

In reply to your letter of October 26, I would say that I have heard from Mr. Murphy on the subject matter of your letter and have acknowledged his letter and expressed my thanks for the trouble he has gone to in putting the matter before me.

I wish to also thank you. Of course you will realize that the matter does not come within the purview of my department. Nevertheless, having your views will be helpful.

Yours sincerely,

(Signed) Humphrey Mitchell

As the minister will realize, that letter did not tell me very much. I felt that at least he could have found out which department of government had placed these contracts, and I had dared hope he might go still further and try to persuade whatever department it was to continue to place contracts with the union shops concerned, as they had been placed during the war. So I wrote the minister again on November 2, in reply to his letter of October 29, asking this question:

Could you advise me which department it is that has placed these contracts?

The minister wrote me in reply on November 5:

Dear Mr. Knowles:

This will acknowledge receipt of your letter of the second instant with further reference to representations made by the president of Winnipeg and district trades and labour council concerning a government contract placed with an automobile and truck body plant in Winnipeg.

I am sorry that I am unable to inform you as to the department of government which has placed the contract in question. This department receives information as to the number and aggregate value of contracts for supplies and equipment awarded by the Canadian Commercial Corporation, post office, Royal Canadian Mounted Police, etc., which are subject to the government's fair wages policy in respect of such work. However, these reports do not contain any breakdown showing the exact type of contract or information as to the recipient firm which would enable us to identify individual contracts.

Yours sincerely,

(Signed) Humphrey Mitchell

I must say, Mr. Chairman, that I was disappointed and in fact annoyed that the minister, having had this matter brought to his attention and being the minister who should be interested in taking steps to see that the government's fair wage policy is lived up to, could not find out for me even after three letters, one from the president of the Winnipeg and district trades and labour council and two from me, which department had placed these contracts. It so happens that the letter I just read mentions the very corporation that did place the

contracts, as I have since found out. In order to find out, however, I had to go through the routine of putting a question on the order paper and in due course, today as a matter of fact, sessional paper No. 168 was tabled. The Secretary of State had to write to every department of government asking if they knew anything about these questions I had asked; and from this file of correspondence it turns out that the contracts concerned had been let by the Canadian Commercial Corporation.

If I am not mistaken that corporation comes under the Minister of Trade and Commerce. I am going to send this sessional paper across to the minister in order to save time. I asked about the contracts in question for the years 1947, 1948 and 1949, and the information makes it quite clear that in November of 1948 the last small contract was let to the union shop concerned—the one which had given good service during the war, and that beginning in November, 1948, substantial contracts began to be let to the non-union shop in question, which since that time have amounted to a total of $472,866.89.

I do not know what the minister's answer will be. He may tell me that I should not ask him to interfere in what is done by his friend the Minister of Trade and Commerce, but I remind him that he is the Minister of Labour; he is the man who should see to it that the fair wage principles that have been established are lived up to. As a trade unionist surely he should be interested in seeing to it that work of this kind is left with a union shop, as was the case previously. This was not an instance in which the Winnipeg and district trades and labour council asked that contracts be transferred from one shop to another. They were simply asking that the contracts be left where they had been all through the war years. I would appreciate it if the minister would deal with these matters now, for it does seem to me that he has some responsibility in connection with them.

Mr. Mitchell: My responsibility extends this far. The Canadian Commercial Corporation is the agent which lets contracts for the Department of National Defence; and if my hon. friend will look up the contract in question he will find that it contains a fair-wage clause. I assume this other firm had the lowest tender. Let us be clear about that; there must have been a fair-wage clause in the contract. I do not know what the fair wage would be there, but when requested by other departments my department does set up fair-wage conditions in the area.

That is the answer to the first point. The second point had to do with holidays with pay in the building trades, if I remember rightly. When the federal government lets a contract the provincial legislation prevails. If the men are employees of the federal government—that is, if they are labourers—they come under the regulations of the federal department and of course are not under the jurisdiction of the provincial government, any more than the employees of a provincial government are under the jurisdiction of this department.

Mr. Knowles: There is a great deal of sweetness and light around here today, but I confess I do not feel that way. The correspondence I have read to the committee indicates that the minister did not know anything about this contract and was not even prepared to find out for me which department had let it. I was put to the trouble of having to place a question on the order paper, and the Secretary of State was put to the trouble of having to go through the routine of preparing the sessional paper that was tabled today. Now the minister rises in his place and says he knows there is a fair wage clause in that contract which was let by the Canadian Commercial Corporation. I remind him that the complaint made to him by the Winnipeg and district trades and labour council, which I supported, had to do with the fact that the shop which formerly had the contract was a union shop, paying not just the fair wages that are required by the provincial legislation as a sort of minimum but paying the trade union wage. From that shop the contract was taken away and given to a shop that may pay the fair wages required by Manitoba legislation, but wages which are less than the trade union wages in this industry. Frankly the minister's answer is not satisfactory.

Mr. Mitchell: It may not be satisfactory to you, but I am not going to take that from you or anybody else. I believe the fair wage policy of the federal government has put millions of dollars into the pockets of the working people of this country. There was a fair-wage clause in the contract, and those fair wages are worked out by my department. I have an office in Winnipeg. If when my hon. friend wrote to me he had been clearer, he would have obtained the information he sought. May I say to him: We are dealing with thousands of these cases. All you need to do is call up my secretary, myself, or the deputy and give the industrial relations department the information you desire to have. You do not need to get a stenographer from the pool or your secretary to do it for you. There are no sharp practices in it, let us clearly understand that, if that is the impression my hon. friend is trying to create.

The lowest tender got the contract at the fair wages prevailing in the area. At the moment, I do not know the size of the area on which the fair wages are based. I do not know the strength of the organizations on either side, who are concerned in this matter. We set up the fair wages in that particular industry, and that is what must be paid. When those wages are paid, the lowest tender gets the contract. What would my hon. friend say if the contracts were let to other than the lowest tender?

Mr. MacInnis: Mr. Chairman, the minister said that there was a fair-wage clause in the contract. I understand that there is a fair wage clause in every federal contract, but that does not mean that fair wages are paid for work done under that contract, unless someone sees to it that they are. Putting a fair-wage clause in the contract is one thing; that is merely a formality. Someone should make certain that the fair wages are paid. The fair wages in the locality—they are not necessarily the union wages—have to be determined. They should be determined, so that those people who are interested in that kind of labour in Winnipeg can get the information quite easily. They should be able to ascertain whether or not that fair wage is being paid on that particular work.

So far as I know, the Minister of Labour has not stated that the fair wage is being paid. He merely said that the fair-wage clause is in the contract, and that the government is going as far as it need go. Perhaps it is the responsibility of the people living in the community to see that the fair wage is paid.

Mr. Mitchell: I have an organization in Winnipeg in charge of a conciliation officer. There cannot be any secrets about these things. All the people who are interested have to do is to see this officer, Mr. R. H. Hooper, the conciliation officer, and he will tell them. There cannot be any secrets about this sort of thing.

Mr. Knowles: The minister has tried to make out that those of us who are interested in this matter have been vague, and have not stated in the proper way the information we require. I would remind him that the president of the Winnipeg district trades and labour council wrote him a full-page letter setting out the facts on October 24. Then, I wrote him a full-page letter on October 26 endorsing what had been said in Mr. Murphy's letter. Apparently the minister did not get in touch with the people in his department who might have given the information. He did nothing, and now he tells me I did not ask him in the right way.

As to his question to me, would I want the government to award the contract to a firm that had not submitted the lowest tender, Mr. Chairman, if the firm offering the lowest tender is a sweatshop, I would rather the government take the higher tender and make sure that good wages are being paid.

Mr. Mitchell: Don't let that get abroad. I do not think there would be any government in this country that would consciously, irrespective of its political complexion, permit sweatshop conditions to prevail under its fair-wage policy. I mean, that is all very well for the boys back home, but you cannot get away with it here.

Mr. Knowles: It's the boys back home who are complaining.

Mr. Mitchell: If my hon. friend had been clear, or had said to me in the lobby that this is the information he wanted, he could have gotten it.

Mr. Knowles: It was set out clearly in the letter I wrote.

Item agreed to.

795. International labour conferences—further amount required, $15,000.

Mr. Murray (Cariboo): Regarding the international labour situation, and the international labour office, I think that this house could very well consider whether the people of Canada are not establishing a standard of living which is probably the highest in the world; wage scales which are of the very highest; an eight-hour day; insurance plans of all kinds; relief projects for farmers and others; family allowances, and about everything that human ingenuity can devise to make security for the people. Yet, we have not got security. It occurs to me that, through this international labour office, we could quite well investigate the labour conditions in some of the countries which are our neighbours.

Coming as I do from the Pacific coast, I might say that we are especially interested in all those countries on the Pacific, such as Japan and China. The other day the Prime Minister of India was a guest in this chamber. Half the population of the world exists in that Pacific area, yet those countries have not an eight-hour day; they have not any minimum wage, nor any workmen's compensation. They have not any mothers' allowances, nor family allowances. Most of the people across the Pacific have the lowest standard of living the world has ever seen. I ask the Minister of Labour whether Canada is not proceeding rapidly to establish such

a lavish standard of social security in this country that we are becoming the envy of our Pacific neighbours?

We hear of Russia today, but Russia is merely the name for a great conglomeration of nations representing Asiatic races for the most part. It is for us in Canada to put our house in order, and not to go so far with social security measures that the rest of the world can never catch up with us nor share with us in a spirit of peace and goodwill among men.

Mr. MacInnis: I have heard some amazing statements in this house during the time I have been here, but I have never heard anything to equal that made by the last speaker. Does that mean that this country is not to take advantage of its natural resources; the skill of its people and the technical knowledge that we have, to make as high a standard of living as possible for ourselves? Does the member for Cariboo consider that the working people of this country have too high a standard of living now?

An hon. Member: No.

Mr. MacInnis: Well, that is what he said; should we take steps to see that our standard of living is reduced. I do not think we have really begun to make use of the resources of our country to create the standard of living for our people which our resources could make possible. Anyone who takes the time to read the press from day to day, can note that some people in this country have a high standard of living; that is so without a doubt. But he can also note, that there are hundreds of thousands of people in this country who are living below a minimum standard of subsistence. Is the hon. member proposing that we ought to go slow on improving those low standards? As I said before, I have heard some amazing things here, but nothing ever to equal that.

Mr. Mitchell: The hon. member for Cariboo was of course speaking for himself.

Mr. MacInnis: Of course.

Mr. Mitchell: Last year this government spent $700 million on social services. I can give the committee a breakdown, if they desire it. I have a vivid recollection of conditions when I was an apprentice boy, if hon. members will forgive this reference. We used to start work at six in the morning and work till 5.30 at night, with a half-hour for breakfast and dinner. We received the princely sum of seventy-five cents a week. To those people who want the good old days I say: Let them have them.

An hon. Member: Including the hon. member for Cariboo.

[Mr. Murray (Cariboo).]

Mr. Mitchell: I do not think there is any limit to the possibilities of this nation. I think we compare favourably with most other countries in the world. We are among the best countries in the world having regard to the broad general standard of living that exists in Canada. I hope that we shall continue to progress in that direction. I say that with the utmost sincerity. If anybody wants the standards that obtain in Soviet Russia, let him have them. As I have said before, if low wages and poor social conditions are to be the yardstick of national prosperity, let these people go and live in the Orient and see what it feels like.

Mr. Gillis: The vote of $58,205 is for the purpose of maintaining in the minister's department a small staff which handles the business of international conferences. I should like to find out who attends these conferences, how the personnel are selected and to whom they report when they return.

Mr. Mitchell: In the first place, as hon. members know, ever since I have been Minister of Labour I have endeavoured to get the co-operation of the organizations of both the employers and the employees on boards and with regard to everything in my department, in order to get a broad crystallization of their views; but of course, in the very nature of things, you cannot always accept their views. When a labour delegation goes to the ILO we get representation or an adviser from the four major labour organizations in Canada; they are the Catholic syndicates, the Trades and Labour Congress of Canada, the Canadian Congress of Labour and the running trades. Then on the employers' side we get representatives of the Canadian Manufacturers Association, the Canadian Chamber of Commerce, the construction industry and the railway industry. All these persons are nominated by the organizations concerned. I ask them for nominations. I draw the line at some people, however.

Mr. Macdonnell (Greenwood): University men.

Mr. Mitchell: No. I draw the line at those people who do not believe in our way of life. That is the method that is used. What I have endeavoured to do since I have been in the ministry is to have an organization that looks after the international aspect of the affairs of the labour department.

Mr. Gillis: What I should like to ascertain is this. Recently there was a conference in Geneva?

Mr. Mitchell: Yes.

Mr. Gillis: It was on safety in coal mines. That was the purpose for which the conference was called?

Mr. Mitchell: Yes.

Mr. Gillis: They laid down a number of rules and regulations on the international scale?

Mr. Mitchell: Yes.

Mr. Gillis: What I should like to know is where one could get that report. Will it be through the minister's department?

Mr. Mitchell: If my hon. friend wants that report, I will get it if I have it.

Mr. MacInnis: I thought the reports were distributed. I get them.

Item agreed to.

150. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council—formerly included in demobilization and reconversion, $360,000.

Mr. Harkness: Can the minister tell us just what agricultural labour is referred to in this item? I notice another item back a little farther, item 156, which apparently is for about $900,000 to provide for people coming into this country from other countries, placing them on farms and so forth. As I read this labour item, I wondered what this particular item was for. What labour does it refer to?

Mr. Mitchell: I will tell my hon. friend what it is. It is to meet the emergent labour situation in the agricultural economy of the country. My hon. friend probably remembers that, particularly during the war years, we used to send a quarter of a million people from the agricultural structure into base metals and other industries during the winter months and back again into agriculture in the summer. Then there was a movement backwards and forwards across the country from the east to the west to coincide with the harvest season in the respective parts of the country. Then of course you had the berry picking and fruit season in the Niagara peninsula, the Okanagan valley and in other parts of the dominion. The expense is shared jointly between the provincial governments and the federal government.

I do not know whether we shall use it to any great extent this year. I can say this to my hon. friend. I do not know what we would have done without that co-operation between the respective governments in the movement of this kind of labour, particularly during the war years and also since the end of the war. A half million is in connection with the d.p.'s. They are landed at Halifax and we pay their fares to the employers in agriculture, wherever they are going in the dominion.

Mr. Harkness: That is the later item.

Mr. Cardiff: I should just like to ask the minister if the government intends to carry on the same policy as it has carried on in the past with regard to placing these d.p.'s on farms.

Mr. Mitchell: Yes.

Mr. Cardiff: I think that policy is absolutely wrong. If you are going to bring d.p.'s out here as farm labour, then we want farmers, not people who merely call themselves agriculturists and stay on farms for just as short a time as they possibly can until they can find themselves a job elsewhere. In one year you cannot make a farmer out of a person of that calibre.

In the first place, they had no intention of farming when they came out here. The only reason they went out on the farm was that they could not get out here in any other way. I think the policy is absolutely wrong and the farmers of this country deserve better treatment than that. The farming population have put up with these men, and many of them are good men; I do not want to be misunderstood. But I would say that a number of the d.p.'s are absolutely no good to the farmers. The farmers are compelled to pay them good wages, and they are not worth their board. If the policy could be changed so that these men would stay on the farm for five years, many of them would never come out at all, because they would not stay that long. As long as you allow them to come out here and to stay on a farm for one year, you are going to get this class of immigrants, who are no good to the farmers, and we have to put up with them.

Mr. Mitchell: I just want to say this in defence of the d.p.'s. In a big and broad way I think they compare favourably with the people who live in the Dominion of Canada.

Mr. Ferrie: They are doing a good job.

Mr. Mitchell: Let me say this also. If some of our people had gone through what these d.p.'s went through in Europe, they would not feel very happy. I have been to many of these camps in Austria and in Germany and have seen the people that came out of them. Our experience has been this. I shudder to think what would have happened to the beet crop last year if it had not been for the d.p.'s. They have fitted into our way of life in the same way as other people have. In every race, colour and creed you get people who do not fit in. My hon. friend may have been unfortunate. Our experience is

that there is a demand for them by the farmers, and by people who need domestics, and in other lines of endeavour, right across the dominion. That is the best yardstick that I know of.

Mr. Thatcher: I must say that I cannot agree with the hon. member for Huron North. Our experience in Saskatchewan has been almost uniformly good with these d.p.'s. Many farmers have asked me this question: "How can we get some of these men to help us?" If there is one feature of any governmental policy that I can agree with, it has been their bringing in of these farm workers. I think it was sensible. I think it was wise. I have only one suggestion to offer the minister, and through him the government. I wish they would extend this program a little further and allow our Canadians of German descent to bring in their relatives from Germany. In the past, Canada's experience has been that the German people usually have made the best possible settlers. They have made good agriculturists. I think we are missing a bet if we do not take advantage of the huge pool of manpower in Germany at the present time. I can see the Chairman getting ready to call me to order. I wish I had ten or fifteen minutes to talk about the matter.

The Deputy Chairman: The hon. member is under a misapprehension.

Mr. Thatcher: Good. I feel rather strongly on this issue. Many people may not agree with me but I do believe that Canada is overlooking a source of future citizens, a source of immigration, by keeping out Germans, particularly those who have relatives in this country. Naturally they will have to be carefully screened. We do not want nazis. But we are in the process of building a nation, and the manpower that we choose today is going to determine, to some extent at least, the kind of nation we shall have in the future.

There are many hon. members in this house who are of German descent. Almost uniformly they have been good citizens. I could name I suppose eight or ten members in the house who are of German descent. I think most hon. members will agree that they have made a pretty good contribution. There are many reasons why we should change our present policy towards Germans.

Mr. Mitchell: The hon. member should direct his remarks to the Minister of Mines and Resources. He is speaking of immigration; I am speaking of d.p.'s.

Mr. Thatcher: I must bow to that. I was afraid I would be called out of order. However, I have to go home tonight and I thought I should get it on the record.

[Mr. Mitchell.]

Mr. Bater: I know that hon. members have their eyes on the clock. It is just about four minutes to six. I can promise the committee that I shall take not more than two or three minutes. I want to go on record and say that over the past few years it has been my privilege to be a member of the dominion-provincial farm labour committee in Saskatchewan. I want to take this opportunity to commend the government and the minister for the assistance that has been given not only during the war but in the post-war period. This work should be continued. I have a lot of figures that I shall not mention. I will not even look at them. We in the west have appreciated the assistance that has been given in bringing harvesters out to help us with our crops. Many men in my constituency and in the district where I live have come down to Ontario to help in the hay harvest. Not only did they help to harvest the hay but they learned of the problems of the farmers of Ontario. That in itself had a great deal to do with bringing the east and the west together. We have sent people of British Columbia to help to pick fruit. Many of the Metis, commonly known as half-breeds, in my constituency have gone into Alberta to help to take up the sugar beets. They have gone across the line and helped to take up the sugar beets there. This particular item is one that should be very carefully guarded and carried out in the future.

Item agreed to.

Unemployment Insurance Act, 1940—

157. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $19,645,631.

Mr. Knowles: Mr. Chairman, there are a number of points that one might talk about with respect to unemployment insurance, but I shall deal with only one at this time. I want to say at the outset that the hon. member for Cape Breton South expressed our views when he said that this was essentially good legislation to have on the statute books, and any suggestions that we make for improving it do not detract from that view.

I propose to deal with just one of the changes that could be made. I shall review it briefly because I have done it on a number of occasions. I am sure I need only to outline my contention to remind the Minister of Labour of the various points in the argument. It has to do with the case of a worker who becomes unemployed, qualifies for unemployment insurance benefits, and then while drawing those benefits becomes ill. As the minister knows, in that situation the worker's unemployment insurance benefits are cut off

even though there may still be no employment for him. I think that we have covered the ground in previous discussions of this matter. We have made it clear that although some of us want over-all social security, including health insurance, that is not what we are talking about at this particular time. At this time we are simply asking for a change either in the act or in the regulations, wherever it is necessary, to ensure to the worker who has qualified for benefits and is drawing them that he will continue to draw them even though he takes sick afterwards, particularly when there is no employment for him. In my view that last qualification should not be necessary. I mention it because when a worker has his benefits cut off that often happens to be the situation, namely, that the unemployment insurance office is still unable to supply him with work because he has taken sick, but when his wife goes down to collect the insurance she is told that her husband can no longer draw the benefits. That is the way it happens many times.

Perhaps as a result of this having been raised on the floor of the house a number of times during the past few years and also because it has been discussed in the various unemployment insurance advisory committees across the country, it has been discussed by the top level unemployment insurance advisory committee in Ottawa. My information in that connection grows out of a number of questions I put on the order paper and the answers given to them.

As a result of learning that the unemployment insurance advisory committee did give consideration to it and did refer the question to Mr. A. D. Watson, an actuarial adviser in the department of insurance, I moved a motion for production of papers, calling for the tabling of the report that Mr. Watson had made to the unemployment insurance advisory committee. That report may be found in sessional paper 61D, tabled on Friday, November 18, 1949. I had hoped that it would be a report dealing with this specific and rather restricted question which we have discussed so often on the floor of the house. It turns out, however, that Mr. Watson went considerably afield from that restricted problem and dealt with the whole question of sickness insurance. In my opinion that memorandum is not particularly helpful on the broad question of sickness insurance. In a footnote on page 1 of the memorandum to the committee, which is now sessional paper 61D, Mr. Watson makes his only reference to the particular question in hand, and this is what he says:

> The idea of limiting sickness benefit to periods of sickness falling within periods of unemployment is not herein examined, for such a provision would inevitably lead to serious anomalies and dissatisfaction and at the same time would open wide the door to fraud on the fund, mainly through arranging periods of unemployment so as to take in periods of actual or anticipated sickness.

I still feel that in asking the minister to consider this change we have a valid and strong case. I urge him to give this matter serious and favourable consideration. If the unemployment insurance advisory committee is to consider this matter and make recommendations to the minister I ask that they get some other advice because the footnote I have just quoted indicates a complete lack of understanding of the problem. I submit that the committee went to the wrong place when they got that advice. I urge the minister and his committee to get the best possible advice.

I am sure that hon. members who have thought about the kind of circumstance I have described will agree with me that when a worker becomes unemployed and qualifies for unemployment insurance, if he becomes sick while unemployed, his benefits should not be cut off, particularly, as is so often the case, when the unemployment insurance office has no employment for him.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): With unanimous consent, I would move the adjournment of the house until eleven o'clock on Monday. Before announcing the business for Monday I would say that the two resolutions on the order paper in the name of the Minister of Agriculture and the Minister of Fisheries will not be discussed at this session. The first item of business on Monday will be the private bill in the name of the hon. member for Kamloops concerning crime comics. Then there is the motion in the name of the Minister of Mines and Resources which I am told is only a matter of formality; then Bill No. 220, to amend the Government Employees Compensation Act, 1947. This is only a small bill for the determination of compensation for injuries to government employees in Prince Edward Island. Then Bill No. 149, respecting bankruptcy; then Bill No. 216, to encourage the construction and conversion of vessels in Canada; then Bill No. 176, to amend the Income Tax Act and the Income War Tax Act. We expect that there will be a bill to amend the Customs Tariff Act introduced on Monday, but this has only one or two sections. As far as I know that will complete the program of legislation for the session. If we get through

those different items we will move to go into supply, post office if the minister is here or, in his absence, justice.

Motion agreed to and the house adjourned at 6.10 p.m.

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

DEPARTMENT OF LABOUR

142. Departmental administration, $735,337.

143. Annuities Act, $785,871.

144. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management, $308,617.

145. Canada labour relations board—formerly included in demobilization and reconversion as the wartime labour relations board, $17,500.

146. International labour conferences, $58,205.

147. *Labour Gazette* and other publications authorized by Labour Department Act, $103,810.

Vocational Training Co-ordination Act, 1942—

148. Administration, $44,100.

149. Expenditures for vocational training under the Vocational Training Co-ordination Act, 1942, and agreements between the dominion and provinces approved by the governor in council, including projects for training of persons to fit them for gainful employment, youth training, apprenticeship training, vocational training at secondary school level, foremanship and supervisory training and for training of members of His Majesty's forces and other persons to fit them for skilled armed service occupations and to authorize the Minister of Labour to enter into an agreement with any province with the approval of the governor in council for such training, as well as to provide for undischarged commitments of previous years, $3,762,000.

150. To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council—formerly included in demobilization and reconversion, $360,000.

Demobilization and reconversion—

151. To provide for expenses relating to placement of labour planning; co-ordination of stevedoring, including authority to continue the regional boards known as "advisory boards labour department" to act in an advisory capacity to the Minister of Labour for the co-ordination of the work of the various divisions of the Department of Labour and the immigration branch of the Department of Mines and Resources, $127,420.

152. Technical personnel division—administration (formerly bureau of technical personnel and placement of university graduates), $38,640.

153. Vocational training for discharged members of Canada's armed forces; payments to the provinces for capital expenditure for vocational schools, buildings and equipment; and to provide for dominion contributions towards replacement by a province or municipality of machinery used in war emergency training; including undischarged commitments of previous years, $3,515,000.

Wartime labour relations board—now included in ordinary estimates.

154. To provide the necessary financial requirements to complete activities for the relocation, maintenance and welfare of persons of the Japanese race in Canada and to carry out the provisions of agreements entered into with the provinces in reference to the foregoing and to continue the appointments of necessary temporary assistance required in administering the project, $220,350.

To provide for the effective organization and use of agricultural manpower, including recruiting, transporting and placing workers on farms and related industries and assistance to the provinces pursuant to agreements that may be entered into by the Minister of Labour with the provinces and approved by the governor in council—now included in ordinary estimates.

155. To provide for payment to the national film board for educational films for exhibition, $24,000.

156. To provide for expenses that may be incurred in the arranging for and the movement of workers from outside Canada to work on farms and other essential industry in Canada when Canadian labour is not available to meet the need; including costs connected with the supervision and welfare of persons already immigrated to Canada under former authorized labour movements and administrative expenses connected therewith, $895,675.

B—Unemployment Insurance Act, 1940—

157. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act, $19,645,631.

158. Government's contribution to the unemployment insurance fund, $18,750,000.

Demobilization and reconversion—

159. To provide for the transfer of labour to and from places where employment is available in agriculture and industry and expenses incidental thereto, $225,000.

A—Department—

678. Fair wages, conciliation, industrial relations, industrial disputes investigations, including the administration of legislation relating thereto, and for activities *re* promotion of co-operation in industry between labour and management—further amount required, $21,000.

B—Unemployment Insurance Act, 1940—

679. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act—further amount required, $182,720.

680. Government's contribution to the unemployment insurance fund—further amount required, $250,000.

681. To authorize and provide for payment of unemployment assistance to residents of Newfoundland who have been employed in employment that would have been insurable employment within the meaning of the Unemployment Insurance Act, 1940, if it had been employment in Canada, or who have been employed in insurable employment within the meaning of the said act, for at least thirty per cent of the working days within the period of three months preceding their loss of employment or thirty per cent of the working days within the period since the date of union, whichever period is the longer, and who lose their employment within six months prior to the date of union and are still unemployed at that date, or who lose their employment within a two-year period after that date, such assistance to be payable during a period of six months from the

date of union or from the date of unemployment, whichever is the later, on the same scale and under the same conditions as unemployment insurance benefits under the said act and regulations made thereunder, and on rates based on the individual's wage record for the three months preceding his loss of employment; but no person shall receive such assistance and unemployment insurance benefits concurrently; and such assistance shall be deemed to be a benefit or payment within the meaning of section sixty-seven of the said act; the governor in council is authorized to make such regulations as he may deem necessary to administer this vote and give effect to the purposes and terms thereof, $2,000,000.

A—Department

795. International labour conferences — further amount required, $15,000.

Annuities Act—

796. To authorize repayment during the current or any future fiscal year out of unappropriated moneys in the consolidated revenue fund of moneys heretofore or hereafter paid to the receiver general of Canada on account of the purchase of annuities under the Government Annuities Act which are not so applied, $1.

B—Unemployment Insurance Act, 1940—

797. Administration, including expenditures incurred in connection with the activities of the national employment service as delegated by the Minister of Labour in accordance with section 88 of the act—further amount required, $500,000.

798. To authorize and provide for payment of unemployment assistance to residents of Newfoundland who have been employed in employment that would have been insurable employment within the meaning of the Unemployment Insurance Act, 1940, if it had been employment in Canada, or who have been employed in insurable employment within the meaning of the said act, for at least thirty per cent of the working days within the period of three months preceding their loss of employment or thirty per cent of the working days within the period since the date of union, whichever period is the longer, and who lose their employment within six months prior to the date of union and are still unemployed at that date, or who lose their employment within a two-year period after that date, such assistance to be payable during a period of six months from the date of union or from the date of unemployment, whichever is the later, on the same scale and under the same conditions as unemployment insurance benefits under the said act and regulations made thereunder, and on rates based on the individual's wage record for the three months preceding his loss of employment; but no person shall receive such assistance and unemployment insurance benefits concurrently; and such assistance shall be deemed to be a benefit or payment within the meaning of section sixty-seven of the said act; the governor in council is authorized to make such regulations as he may deem necessary to administer this vote and give effect to the purposes and terms thereof—further amount required, $1,000,000.

HOUSE OF COMMONS

Monday, December 5, 1949

CANADA FORESTRY ACT

REFERENCE TO REPORT IN HAMILTON "SPECTATOR" OF DECEMBER 2

Hon. Colin Gibson (Minister of Mines and Resources): Mr. Speaker, I rise on a question of privilege. I wish to bring to the attention of the house a Canadian Press dispatch dated the 1st of December, published in the Hamilton *Spectator* on Friday, December 2, with reference to the Canada Forestry Act. In the report it states:

> Resources Minister Gibson, sponsor of the bill, said the federal government, which gained "considerable revenue" from Canada's forest resources, recognized no obligation to take a part in conservation.

I may say, as hon. members all realize, that the whole purpose of the act is to enable the dominion government to assist the provinces in the conservation of our forests.

OATS

SYDNEY H. PAWLOWSKI NAMED WORLD OATS KING AT CHICAGO GRAIN AND HAY SHOW

Mr. John Decore (Vegreville): Mr. Speaker, I rise on a question of privilege. Some two weeks ago I stated in the house that one of my constituents, John T. Eliuk, had obtained the highest award for oats and barley at the royal winter fair in Toronto. The house will be pleased to know that once again a distinction has been conferred upon the constituency of Vegreville. One of its residents, Sydney H. Pawlowski, a twenty-one year old farmer of Spedden, Alberta, was named world oats king at the Chicago grain and hay show a week ago last Saturday. I might mention that in 1940 his brother, Paul Pawlowski, won the oats championship.

I am sure hon. members will be glad to know, since most of my constituents are engaged in farming, that they are doing exceptionally well. Only a few weeks ago Jacob F. Melenka, of Warwick, was awarded the title of master farmer.

HOUSING

RENT CONTROL—FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I desire to table further correspondence on rent control, with the premiers of Manitoba, Saskatchewan and Quebec. If someone will ask that the correspondence be printed in *Hansard*, and the house so desires, I shall be glad if that is done.

Mr. Speaker: I am not sure whether the previous correspondence was printed as an appendix to *Hansard*.

Mr. Abbott: It was.

Mr. Speaker: Is it the pleasure of the house that this correspondence be printed as an appendix to *Hansard*.

Some hon. Members: Agreed.

(*For text of correspondence, see appendix, pages 2754-57.*)

CUSTOMS TARIFF

AMENDMENT WITH RESPECT TO USED OR SECONDHAND MOTOR VEHICLES AND AIRCRAFT

Hon. Douglas Abbott (Minister of Finance) moved for leave to introduce Bill No. 221, to amend the Customs Tariff.

He said: Mr. Speaker, although this bill stands in my name, it is being presented at the suggestion of my colleague the Minister of National Revenue (Mr. McCann). Its principal purpose is to permit secondhand motor vehicles to be admitted into Canada in exceptional cases. Instances of hardship have arisen affecting immigrants and others who enter Canada and are not able to bring their cars into the country. The department is anxious to be given authority to admit such cars in special cases.

Motion agreed to and bill read the first time.

CRIMINAL CODE

PORTRAYAL OF CRIMES BY PICTURES IN MAGAZINES, ETC., TENDING TO INDUCE VIOLENCE

The house resumed, from Friday, October 21, consideration in committee of Bill No. 10, to amend the Criminal Code (portrayal of crimes)—Mr. Fulton—Mr. Dion in the chair.

On section 1—*Portrayal of crimes by pictures in magazines, etc., tending to induce violence.*

Hon. Stuart S. Garson (Minister of Justice): Mr. Chairman, members will recall that when the bill was last before the house I pointed out, in the course of my remarks on the

motion for second reading, that the amendment moved by the hon. member for Kamloops would merely bring crime comics as paragraph (d) under section 207 of the code, paragraph (a) of which makes the publication and sale of obscene literature an offence; that the prohibition of the publication and sale of obscene literature by this section had not deterred the publication and sale of that sort of literature to any great extent, and therefore that without more determined prosecution the mere adding of crime comics to this section would not likely solve the problem. Then I suggested that in drafting an enforceable amendment, the most valuable suggestions we could secure would be those from the crown prosecutors and law enforcement officers of the provincial governments, whose responsibility it is to enforce the Criminal Code; and it was arranged that we should leave the bill in committee in order that I might secure the views of the provincial attorneys general on this matter.

Perhaps the best way to indicate to the committee the questions I laid before the attorneys general would be to read the relevant portions of a letter I wrote to one of them, in this case the attorney general of Nova Scotia. All the letters were the same; and this one reads:

> Re: section 207 of the Criminal Code.
>
> As you know, a bill has been introduced in parliament to amend section 207 of the Criminal Code by adding a paragraph directed against those "crime comics," so-called, which tend to corrupt young persons.

Then I go on and point out the way section 207(a) of the code now reads, and say that the bill would add the following paragraph, indicating the wording of the amendment introduced by the hon. member for Kamloops. Then I say:

> The other parts of the section are not material for the purpose of this letter.
>
> Agreeing with the principle of the bill—which was introduced by the hon. member for Kamloops, Mr. E. D. Fulton—but not being satisfied that it would achieve its object in its present form, I suggested upon the second reading of the bill that it be held in committee in order to obtain the suggestions of the attorneys general as to the form of amendment that should be passed in order to make section 207 as enforceable as possible in respect both of obscene books and of "crime comics."
>
> One method I indicated was the deletion of the words "knowingly, without lawful justification or excuse" from the section as amended by the addition of paragraph (d), but I also pointed out that this method would place a heavy burden upon many booksellers and ought not to be adopted until we were satisfied that the section could not be used effectively to remedy the abuses complained of while these words remained; e.g., by proceeding against the publishers who could not as plausibly plead ignorance as the booksellers. My suggestion was made upon the understanding that the bill would be passed in as effective a form as possible before prorogation of the present session, and my motion was agreed to accordingly.
>
> [Mr. Garson.]
>
> Another method that has since occurred to me is to raise a presumption, rebuttable or otherwise, against the publisher, of knowledge as to the character of the book or magazine, but in the case of the retail vendor to retain the necessity of proving such knowledge affirmatively.
>
> I would therefore be most appreciative if you would give this matter your consideration and, after such consultation as you deem necessary with your prosecuting officers, let me have your advice and views upon the following matters:
>
> (a) Can section 207, as amended by the bill and without deletion of the words "knowingly, without lawful justification or excuse," be enforced effectively?
>
> (b) Can section 207 as so amended be enforced effectively if such words are deleted?
>
> (c) If the answer to (a) is no, can you suggest an amendment that would make the section so enforceable without eliminating the sense of these words?
>
> (d) Your views generally as to how the section could be best framed from the standpoint of enforcibility.
>
> Although this letter gives you, I think, the substance of the matter, I am enclosing a number of copies of the bill, No. 10, and of the *Hansards* containing the speeches. My remarks begin at page 1036 of volume 89, No. 26, Friday, October 21, 1949.
>
> In view of the pressure of time I should be most grateful if you could let me have a reply as early as may be, and not later than November 15 if that is possible.

The attorneys general of the provinces obviously gave this letter careful and in some cases even searching attention, and their replies and suggestions have been extremely valuable. From these replies, which are lengthy and which have been tabled, the following points emerge—this is really a summary of the main points established by the attorneys general in their replies:

1. Only one province, Ontario, questions that crime comics have a tendency to induce youthful persons to violate the law or to corrupt the morals of such persons.

2. Quebec and Saskatchewan expressly state that they are in accord that action is necessary. New Brunswick, Prince Edward Island, Alberta, British Columbia, Newfoundland and Manitoba, while not saying it in express words, leave no doubt as to their sympathy, by the manner in which they have replied.

3. The consensus is that section 207 as amended by the bill could not be enforced while the words "knowingly, without lawful justification or excuse" remain, and that these words should be deleted. At least four provinces, Alberta, British Columbia, Newfoundland and New Brunswick, however, make a distinction in this respect between obscene books on the one hand and crime comics on the other, or between publishers on the one hand and vendors on the other. The ideas put forth in this respect are: (a) That knowledge should not have to be proved against a publisher either in respect of crime

comics or obscene books. A publisher may fairly be presumed to know the nature of his publication. (b) Knowledge should not have to be proved against even the retailer of crime comics. These are not like novels, where an evil interior may be unsuspected within an innocent-looking cover. Crime comics are conspicuous and their general nature well known, and retailers may fairly be expected to handle them at their own risk. (c) Knowledge should have to be proved against a retail book vendor, because it would be unfair to hold him absolutely responsible for all the books upon his shelves.

4. At least two provinces, British Columbia and Manitoba, which submitted two of the most thoughtful returns coming from the provinces, make the point that it may be practically impossible in any particular case to prove beyond a reasonable doubt that a particular crime comic tends to induce to crime or corrupt morals. They therefore suggest that the words included in the amendment proposed by the hon. member for Kamloops "thereby tending or likely to induce or influence youthful persons to violate the law or to corrupt the morals of such persons" be deleted, and that parliament thereby take the responsibility of saying that crime comics do have that effect, and remove the point from the field of argument.

I also received expressions of opinion from members of the Criminal Code revision group. Mr. Justice Gerald Fauteux, of the Quebec superior court, answered in the negative the first question, whether the law could be enforced with the words "knowingly, without lawful justification or excuse" included.

It was the view of Mr. Justice Fauteux that the deletion of the words "knowingly, without lawful justification or excuse," would in theory facilitate enforcement but would—in his view, of course—be unfair to retailers and others, and thus might lead the courts to compromise on the facts.

Mr. Justice Fauteux, on (c) and (d), submits a draft which omits the words "knowingly, etc.," but makes it a defence, except as regards the production of such matter, to prove that the defendant did not act knowingly or had a lawful justification or excuse; and requires consent of the attorney general to commence prosecution.

Judge Robert Forsyth, the senior judge of the county court of the county of York, questions whether crime comics contribute to juvenile delinquency. While in the justice department he made a survey of a number of juvenile court judges, and never secured any such evidence. This was only a telephone survey. He believes phonograph records should be included. The most effective control would be by way of provincial licensing of distributors. He questions whether crime comics are within the words "thereby tending or likely, etc.," in the draft paragraph (d). Nevertheless he considers (d) as satisfactory as possible.

H. J. Wilson, K.C., deputy attorney general of Alberta, expressed a view which was the same as that expressed officially by that province.

Fernand Choquette, K.C., of the Quebec bar, answers (a) "no", and (b) "yes". Under (c) he would make it an offence to act negligently as well as knowingly, and the same with regard to (d).

H. P. Carter, K.C., director of public prosecutions for Newfoundland, answers (a) "no" and (b) "yes", but believes it would place bona fide vendors in a difficult position. He thinks that, without injustice, the words "knowingly, etc." could be dropped with reference to all handling of crime comics.

Now, Mr. Chairman, in the department we have tried to produce an amendment which reconciles all these points of view, so far as we are able to do so. First of all I should like to move the text of the amendment; and then if I may, sir, explain its provisions and endeavour to relate them to the replies we have received from the provinces. I move:

That clause one of the bill be amended by striking out the first three words, "subsection one of," in line one, and by striking out all the words in the clause following the word "is," in line three and substituting therefor the following:

. . . repealed, and the following substituted therefor:

207. (1) Everyone is guilty of an indictable offence and liable to two years' imprisonment—

Perhaps I should interject here that the method we have followed in dealing with this matter is that where we wished to make changes in the substance—the wording of this section has been on the statute book for a number of years—we have tried, in the course of these changes, to redraft the whole section, incorporating the changes in substance and at the same time improving the language all the way through. We are trying to do a workmanlike job on the whole section.

If the amendment which I am now moving carries, section 207 will read in this way:

207. (1) Everyone is guilty of an indictable offence and liable to two years' imprisonment who

(a) makes, prints, publishes, distributes, circulates or has in possession for any such purpose any obscene written matter, picture, model, or other thing whatsoever, or

Criminal Code

(b) makes, prints, publishes, distributes, sells or has in possession for any such purpose, any crime comic.

(2) Everyone is guilty of an indictable offence and liable to two years' imprisonment who knowingly, without lawful justification or excuse

(a) sells, exposes to public view or has in possession for any such purpose any obscene written matter, picture, model or other thing whatsoever;

(b) publicly exhibits any disgusting object or any indecent show; or

Now, that is already in section 207; we are just retaining it.

(c) offers to sell, advertises, publishes an advertisement of, or has for sale or disposal any means, instructions, medicine, drug or article intended or represented as a means of preventing conception or causing abortion or miscarriage; or advertises or publishes an advertisement of any means, instructions, medicine, drug or article for restoring sexual virility or curing venereal diseases or diseases of the generative organs.

(3) "Crime comics" means in this section any magazine, periodical or book which exclusively or substantially comprises matter depicting pictorially the commission of crimes, real or fictitious.

(4) No one shall be convicted of any offence in this section mentioned if he proves that the public good was served by the acts alleged to have been done, and that there was no excess in the acts alleged beyond what the public good required.

(5) It shall be a question for the judge whether such acts are such as might be for the public good, and whether there is evidence of excess beyond what the public good required; but it shall be a question for the jury whether there is or is not such excess.

(6) The motives of the accused shall in all cases be irrelevant.

(7) It shall be no defence to a charge under subsection one that the accused was ignorant of the nature or presence of the matter, picture, model, crime comic or other thing.

I should like, Mr. Chairman, to comment upon these changes. Subsection 1 makes everyone guilty of an indictable offence and liable to two years' imprisonment who publishes any obscene matter, or who publishes any crime comics. In that connection it is not necessary for the crown to prove that he did it knowingly, or that he did it without lawful justification or excuse. Under subsection 7 the accused cannot raise the defence that he was ignorant of the nature of what he published, or of its presence in his possession.

I think I should clear up a point there which might be overlooked. In order to contravene the act, the possession of this obscene matter by the publisher has to be related to his act of publishing, because the section says: "who makes, prints, publishes, distributes, circulates or has in his possession such material for any such purpose." This section could not be relied upon if someone planted an obscene book in someone's office and then prosecuted him. He would not have it there for the purpose of publication, so he would not be guilty.

[Mr. Garson.]

Subsection 2 makes everyone guilty of an indictable offence and liable to two years' imprisonment who knowingly, without lawful justification or excuse, sells obscene matter. This protects the retailer who does make a sale of that sort innocently.

Then the subsection dealing with exhibiting any disgusting object, and the subsection dealing with these advertisements of means, instructions, medicine, drug or other article intended for the prevention of conception, etc., are in the section now. There is no change in substance at all in that regard.

The definition of crime comic has been changed from that suggested by the hon. member for Kamloops, by striking out from his definition the words which make it necessary for the crown to prove that the crime comic upon which the prosecution is based tends to corrupt the morals of youth, and so on. Our advice from the law enforcement officers is that if that is included in the definition of crime comics, it will be an almost insuperable barrier for the crown to surmount, because it will be exceedingly difficult to prove that the specific crime comic upon which the prosecution was based would necessarily tend to corrupt the morals of youth. The advice that we get from those who have the responsibility for enforcing this legislation is that unless this parliament is prepared to make an outright prohibition of crime comics, it is not likely that we shall be able to enforce this section.

Subsection 4, which is to the effect that no one shall be convicted of any offence under this section if he can prove that the public good was served, and so on, is already in the section, and there is no change in substance in that regard. The same is true of subsection 5, and the same is true of subsection 6, that the motives of the accused shall in all cases be irrelevant.

The only other provision new in substance that is being added is subsection 7, which provides that it shall be no defence to a charge under subsection 1 that the accused was ignorant of the nature or presence of the matter, picture, model, crime comic or other thing. The effect is this: not only does the crown not have to prove knowledge or absence of lawful justification or excuse on the part of the accused as part of the crown's case against him in order to establish a prima facie case, but after the crown has put in its prima facie case the accused cannot come into a court and establish a defence of that kind.

Mr. Fulton: I should like to take the opportunity a little later of saying some words

in connection with the title of the bill, to which, if this amendment carries, there will be a consequential amendment. Under the circumstances, therefore, perhaps I may be excused if I do not make any extended remarks at this particular stage, beyond saying, with regard to the operative part of the amendment itself, that the minister was good enough to show me the amendment a day or two ago and to explain to me the purpose which it is designed to achieve and the thought with which it had been drafted. I want to express my appreciation of the minister's courtesy and co-operation in making the copy available, and to say at this time, if I may put it this way, that the amendment is perfectly acceptable.

I want to make this further comment, however. My main interest and object in introducing Bill No. 10 was to deal with crime comics. To that extent I purposely omitted any reference to the part of the legislation dealing with the question of obscenity, or obscene literature, and so on; because it seems to me that subject is much more difficult to deal with than the question of crime comics. I feel that what has been done in combining the two in the one bill—that is, the general treatment of the question of obscenity and the other sections of the code—is acceptable. It is probably correct to say that obscene literature presents as great a problem as the crime comics, if not greater, and I am happy indeed that the minister and the government should have taken this occasion to deal with the two subjects under the one heading.

I wish to make this comment: While the amendment in toto is acceptable, and I am pleased indeed that the minister has taken this opportunity of amending the bill in this way to make it more effective, yet I think he will appreciate my position if I say that naturally enough I can in effect take no measure of responsibility for the part of it which deals with obscenity. I say that merely in the light of the fact that when I introduced the bill my major concern was with the question of crime comics. However, as I have said, the minister has shown me the amendment. I am not enough of an expert in the matter to say whether the amendment is entirely free from objection, but I believe that the part of it dealing with crime comics is even more enforceable now than it was in the form in which I originally presented it to the house.

Since that is so, and in view of the careful consideration and treatment which have been given to the matter by the minister and by the attorneys general whom he consulted, and the fact that these amendments conform to their recommendations, I have no hesitation in saying that as an amendment to my bill it is acceptable to me.

Mr. Diefenbaker: It is difficult to follow this matter without having the bill before us. I endeavoured to make a few notes on the various sections, and there are one or two observations I should like to make.

First I think that the house in general and the country will thank the hon. member for Kamloops for having brought this matter of crime comics to the attention of the house. The acceptance of his suggestion and the resulting creation of public opinion in favour of action at this session of parliament deserve the commendation of hon. members. The minister should be commended on the difficult task he assumed when he endeavoured to find a means by which crime comics and obscene and pornographic—I am not sure of the word, certainly not "literature"—could be prevented from depraving the morals of our young people.

That the subject is a difficult one was obvious in what the minister said. The representation of the attorneys general indicated that they too felt that it was a difficult matter for parliament to become the judge of the morals of literature or of publications, such as these, the distribution of which we are endeavouring to prevent.

Mr. Garson: I do not want to interrupt my hon. friend, but I am sure he does not wish to convey the idea that parliament is any more a judge of these matters now than it ever has been.

Mr. Diefenbaker: No.

Mr. Garson: Parliament has always prohibited the publication of obscene matter, and in doing so it leaves to the courts the question whether a given matter is obscene or not. It does not set itself up as a judge.

Mr. Diefenbaker: I am not in disagreement with that. But in these amendments parliament is in effect actually saying: We judge that the possession of these things, crime comics, to begin with—

Mr. Garson: Only crime comics.

Mr. Diefenbaker: Yes—have a depraving influence. It is always difficult for legislation to maintain freedom of speech and at the same time prevent the exercise of licence by those who would destroy morals for monetary benefit.

I support the general principle, but I am concerned about how far we should go in our desire to accomplish the end we have in view, without making the law too strict or too stern and therefore cause juries under such circumstances to do what they have done throughout the years, namely, to acquit.

As I understand it, the amendments are divided into two sections. First, it is no longer necessary to prove that the publisher knowingly and without lawful justification or excuse published, or had in his possession for the purpose of publishing, lewd, lascivious, obscene matter or crime comics. I can see no objection to that, because it does away with the defence that I believe should not be available to the publisher, namely, that he did not know what he was publishing or what would be published when the document was finally sent out.

The last subsection is one that I find it difficult to support. It says in effect that it shall be no defence that the publisher did not know the nature of or the presence of the matter complained of. Is that not what the last section means? I find it difficult to bring that provision into line with section 1, subsection 1. There the offence is having in his possession for the purpose of printing or publishing. Having "in his possession" implies that the crown must, in doubtful cases, either directly or inferentially, establish that he knew the nature of or the presence of the matter complained of. If you intend to prohibit the publisher from having books, documents and crime comics which are lewd or detrimental to morals, then I submit that in order to close the door you have to remove the words "has in his possession".

May I cite an analogous case? In the early days in Saskatchewan under the temperance act provision was made for an offence which consisted of having intoxicating liquor in a stock of soft drinks. A Chinese resident in that province who had nothing to do with the liquor being in a stock of soft drinks—in fact the crown finally had to admit that the liquor had been planted there—was charged with this offence and convicted. The case went to the court of appeal in Saskatchewan, which said he did not have it in his possession because he did not know of its existence. But that is not the offence. The offence is that he did have in his stock of soft drinks intoxicating liquor.

Here we have, as I see it, an endeavour to get around this difficulty, by saying in section 1 (1) that the publisher is liable only if he has in his possession; and then you add a paragraph which states that it shall be no defence that he did not know the nature or the presence of the matter. I submit that these two sections, particularly as they apply to the word "presence", cancel out one another. In my view, so far as subsection 7 is concerned, to make it consistent with section 1 (1) it should read that it shall be no defence that he did not know the nature of the matter, rather than "the presence of the matter". I pass this suggestion on to the minister.

Sometimes, in a desire on the part of a legislature to close all the doors, other doors are opened. The definition of a crime comic is one which exclusively or substantially comprises matter depicting crime, either actual or fictitious. I believe in this instance the door is left open to a continuing stream of crime comics in this country—not crime comic books which exclusively or substantially comprise matter depicting crime, but do so only partly. Would it not be a defence to turn out a ten-page crime comic book containing four pages of crime comics and six pages of the ordinary comics the youngsters enjoy? With four pages only of crime comics there would be an absolute defence under the section as it now stands. I suggest that consideration be given to rewording it. It is not for me to suggest what the rewording should be, because I have not had a chance to prepare a proper amendment. Perhaps the words "a crime comic is one the general purpose of which is either in whole or in part to depict crime either actual or imaginary" might cover it. I am trying to offer some suggestions so that the law may be workable; for I know what crime comics do.

I see that one of the agents of one of the attorneys general has said he is not sure of what the effect would be. Well, I am not inclined to refer to personal matters, but, about a year ago after the session of parliament was over, some parents came to me to speak to me about their son, a boy of nine, brilliant, with a high intelligence quotient. He became a kind of boss and ran his gang. The gang committed a great deal of crime, and he kept up to date through the reading of crime comics. When I had him in my office and talked to him I said: "In the event of your being acquitted, you have a great future ahead of you. I am sure you really got into these difficulties unintentionally, and you will not have any such difficulty again". His answer was: "You were hired by my parents as my mouthpiece". In other words he spoke most contemptuously of any suggestion on my part that what he had done had been a mistake on his part. I believe that attitude is general. Young people of fifteen or sixteen years cannot help being enthusiastic about the possibility that they, too, as a result of misdemeanours and wrongdoings, may achieve the degree of newspaper notoriety—indeed sometimes adoration, as it is set out in some of the crime magazines—which some regard as an element of greatness.

While these amendments are stern, and wipe out some of the things upon which our

heritage and freedom are based, in the administration of criminal law they can be justified only on the ground that obscene and lascivious books, which have no purpose other than that of monetary gain derived from their lewdness and indecency, are available. These books seek not to elevate and encourage ambitions on the part of the young, but rather to lead the minds of the people to a belief that wrong is indeed right. I believe these amendments will permit the enforcement of the law to an extent greater than heretofore has been possible.

Sometimes in respect of matters of this kind we remove the onus of proving knowledge or intent. The feeling in parliament generally, I believe, and certainly the feeling throughout the country, as indicated by the correspondence one receives, is that these things should be prohibited, but there should be assurance that in no case will any publication that is for the public good, or that is necessary or advantageous to science, literature or the arts, be prohibited.

I bring these suggestions to the attention of the minister to the end that this law may be more than merely an attempt to prevent wrongdoing; but that it will place in the hands of the agencies entrusted with enforcement of the law an instrument which will make certain that that which is so detrimental to the welfare of our younger people, and indeed to all who read, as well as to the manufacturers, producers and distributors, may be prohibited. There can be no profit from the sale of material which elevates crime and obscenity to the point where they become the literature of many people.

I commend the hon. member for Kamloops, as well as the organizations throughout the country which have joined together to make possible these amendments, for what they have done. It is an indication of what private members of parliament can do when they bring to the attention of the House of Commons proposals which are supported by public opinion.

Mr. Church: Mr. Chairman, having sat as police commissioner for many years with the late Colonel Denison, senior magistrate, and senior judges of York county—Judge Winchester, the late Judge Morson and others—I have seen cause and effect in relation to the subject matter of this bill. For a great many years magistrates and judges of the county of York have called the attention of the House of Commons to this matter. The law in this regard is in effect a penal statute. Police commissions, judges and magistrates throughout Ontario have had a great deal of difficulty with it, and so have the judges and magistrates of other provinces. For four or five years my sister, now deceased, was the national president of the Imperial Order of Daughters of the Empire. They approached the police commission concerning the cause and effect of this particular statute.

I notice in the bill there is no definition of the following words, "prints, publishes, sells or distributes any magazine," and cause and effect in relation thereto have not been dealt with. As this is a penal statute, you must read into Bill 10 the various sections of the Criminal Code set out in the marginal notes.

We used to have a leading textbook in the law schools entitled "Hardcastle on the Construction of Statute Law". You will have to look at Bill No. 10 and read into it the definitions in the Criminal Code. I think it is admitted that the definitions set out in Snow's "Criminal Code of Canada" are automatically read into the sections of the Criminal Code. I have the fourth edition of "Craies on Statute Law", edited by W. S. Scott, wherein he gives the definition of a penal statute. At page 453 he says:

> It is said that penal statutes must be construed strictly—i.e., that "when the legislature imposes a penalty, the words imposing it must be clear and distinct." "Unless penalties are imposed in clear terms they are not enforceable." In Tuck *v.* Priester, Lord Esher, M.R., said, with reference to section 6 of the Copyright Act, 1862: "We must be very careful in construing that section, because it imposes a penalty. If there is a reasonable interpretation which will avoid the penalty in any particular case, we must adopt that construction." "Where various interpretations of a section are admissible it is a strong reason against adopting a particular interpretation"—

That is what is proposed in this bill.

> —"if it shall appear that the result would be unreasonable or oppressive." But this rule must be read as applicable, if at all, only to penalties of a quasi-public character—

That is what this is.

> —and not to acts creating penalties for infractions of general law which are in the nature of purely civil remedies. The rules laid down in Heydon's case for the construction of obscurely penned statutes are there said to apply to "penal" as well as to other statutes: In Attorney General *v.* Sillem, Pollock, C.B., said: "All the penal statutes there alluded to, and in all the places where that doctrine is to be met with, are statutes which create some disability or forfeiture; none of them are statutes creating a crime, and I think it is altogether a mistake to apply the resolutions in Heydon's case to a criminal statute which creates a new offence. The distinction between a strict construction and a more free one has, no doubt, in modern times almost disappeared, and the question now is, what is the true construction of the statute? I should say that in a criminal statute you must be quite sure that the offence charged is within the letter of the law."
>
> This rule is said to be "founded on the tenderness of the law for the rights of individuals, and on the

plain principle that the power of punishment is vested in the legislature, and not in the judicial department; for it is the legislature, not the court, which is to define a crime and ordain its punishment." As to enactments creating crimes, the rule was adopted *in favorem vitae* in respect of treason and capital felonies, and extended to misdemeanours.

I have seen the cause and effect of the subject matter of the bill, and I must compliment the hon. member for Kamloops for having called the attention of the house to this particular feature of it. I know that fathers and mothers come before magistrates and judges in criminal courts meeting weekly and plead for light sentences for their children because the parents say the cause and effect of the subject matter was the main reason why they got into trouble.

In the city of Toronto for many years past there have been publications that are not fit to read. Notwithstanding differences of opinion throughout Canada, I believe the subject matter is one which requires the grave attention of the house before we adjourn. The minister should be sure that the cause and effect of the subject matter of the bill have been dealt with adequately and appropriately in order to help the large number of youths of the city of Toronto and the country generally who have been getting into trouble. Many of them have been carrying arms, and so forth. It has been going on for a long time. It is a serious matter for the country, and I hope that we shall adopt some regulation or rule to check it here and now.

Mr. Applewhaite: For the information of hon. members generally, I should like to ask whether it is the intention to reprint the bill with the proposed amendment and distribute it so that we will not have to wait until the statutes are printed in order to have copies for distribution.

Mr. Garson: Does my hon. friend mean copies for distribution in connection with this debate, or for public distribution?

Mr. Applewhaite: That would depend on whether it is the desire to conclude the debate today, in which case it would not be available. If the debate is to be adjourned, however, it would be a great help if it could be distributed.

Mr. Garson: I think the desire certainly was to conclude the debate today. That was why I took the text of this amendment to the hon. member who had introduced the original amendment, to make sure it met with his approval. The hope was that if he did approve, the house would accept it and put it through. As to the printing of the bill separately for the purpose of law enforcement, and so on, that is a matter which will be taken into consideration.

Mr. Applewhaite: I believe all hon. members have had requests from many organizations for information, and if as soon as possible the bill in its final form could be made available for distribution, it would be a great help.

Mr. Garson: For that purpose it would be possible for us to get some mimeographed copies which hon. members could incorporate in their letters to their constituents.

Mr. Fulton: Would it be possible or desirable to have the bill as amended printed in full for third reading, so that as finally carried it will include the amendment the minister has moved?

Mr. Garson: I think we can have the bill printed in a form which will be of assistance to hon. members, but I should not think it would be necessary to hold up third reading for that purpose. We are in committee now. It is permissible for us to advance the bill another stage and give it third reading. Under the circumstances I think it desirable to do that. In the meantime we can proceed to have it printed in a form in which it can be sent out by hon. members to their constituents who have shown a great deal of interest in this matter.

Mr. White (Hastings-Peterborough): In his amendment the minister is repealing the present section which deals with the publication and distribution of obscene material and introducing an entirely new section 207. If I understood the amendment correctly, in it the minister more or less defines what is a crime comic; but he said there was no definition of obscene literature, that this was a matter for the courts to decide. It is in connection with obscene literature that I wish to make a few remarks.

Within the last three weeks an important decision was given by an Ontario court on a charge laid under section 207, involving the publication and distribution of an obscene novel tending to corrupt morals. While it is too early for the case to be reported in the law reports, there is a fairly full report in the Toronto *Globe and Mail* and the Toronto *Telegram* of November 24. If the minister ever had any doubt on the point it will have been removed by the opinions expressed by the various attorneys general, which would indicate that so far as future prosecutions for the publication and distribution of obscene matter are concerned there is no hope of securing a conviction.

Mr. Garson: No hope because of what? Because of this judgment in Brantford?

Mr. White (Hastings-Peterborough): No; because there is no way of legally defining what is obscene literature. In this case the judge is reported to have said, "In my decision I am guided by the laws of this country", which of course is quite correct. Then in his judgment as reported in the newspapers he makes this pertinent observation:

> Who am I to say whether this book or any other book is obscene?

The book complained of was one of the twenty-five cent paper novels, distributed by the American News Company, that can be purchased at any bookstore throughout the country. After reading about this case I obtained a copy of the book and read it. It describes no less than eight serious crimes that are recognized by our Criminal Code. Two of them, rape and murder, are punishable by death. Other serious crimes are punishable by long terms in penitentiary, and may also carry the lash. The book sets out other minor crimes, such as the use of narcotics, theft, seduction and crimes of the kind.

I suggest it would be fair to ask any hon. member of this house to read that book and decide whether it is the sort of novel he would be content to have his teen-age son or daughter read; and then consider what possibility there would be of crown counsel in future obtaining a conviction which would prohibit the circulation of this type of literature throughout the country. This book emphasizes the absolute contempt of youth not only for parental control but for all law. All the boys mentioned in the book are of teen age; and one of the most damaging things about it, in my opinion, is the way the twelve-year old boys regarded these older teen-agers as heroes and models. Both boys and girls looked upon them as the ideal type to follow.

In this case the defence relied upon the contention that the author had attempted to portray realism. I looked up the dictionary definition of the word "obscene", and it says: "Offensive to chastity, delicacy or decency; expressing or presenting to the mind or view something that decency, delicacy and purity forbid to be exposed; offensive to morals; indecent; impure; offensive to the senses; foul; disgusting; of evil omen." The definition of an obscene publication is, "an indecent publication which, whether true or false, tends to deprave and corrupt."

With this definition in mind, may I say that here is a book which describes in detail a public dance held by this teen-age gang at which a twelve-year old girl was raped; a book which would indicate that the seduction of girls of teen-age is an everyday affair; a book which describes in detail how two boys attending school, who had a quarrel with their teacher, returned to the school to assault and murder the principal; a book which describes in detail the murder of one teen-age boy by another. These are just a few of the things in this book. If, as the defence contended, this was an attempt to portray realism, I think the minister must be convinced that any crown counsel in future will find it impossible to convince a court or jury that a book is obscene.

In this case the case for the prosecution consisted of the evidence of a police officer of the city of Brantford, who laid the charge, and who produced the book and read some passages from it. One passage he read dealt with this club of teen-age boys, and described how they imported a number of prostitutes for the evening. Another passage described the raping of the twelve-year old girl. The other witness for the prosecution was the principal of the vocational school, who described the book as literary sewage. The defence called a well-known literary critic of a large Toronto paper, a well-known columnist of the *Globe and Mail*, and Mr. Edwin J. Lucas, from New York, who is described as a crime prevention society director. These three witnesses gave evidence that this book had literary value, and that, in their opinion, it was an attempt to portray realism. The book in their opinion was not obscene.

The judge in his decision, as reported in the paper, points out clearly that the responsibility of proving the charge and bringing home a conviction rests with the crown. He says further that it is not enough merely to produce a book and say that it is obscene. The judge says that he has to weigh the opinion of all these witnesses, not in numbers but in content, and he is satisfied that the crown has not proven the charge. The judge goes on to say this:

> I have definite convictions on a matter of this character, but I am not going to inject my own views. It is my job to decide whether the crown has proved guilt according to the charge.

The judge further stated that while he would not have such a book in his library, nor would he advise having such a book in the school library, on the evidence presented to him he must render a verdict of not guilty and declare that the book is not an obscene book.

It is difficult, Mr. Chairman, to understand how this government could appoint a commission to inquire into what we call Canadian culture, and at the same time permit the publication and distribution in wholesale quantities of a series of books of this type. This is only one. I spoke to a distributor of these books, and he said, "Oh, well; this book you are speaking about is nothing; you ought to read so-and-so." We have a commission on culture, and yet one of our courts has decided that under our laws this type of book, which the school principal describes as literary sewage, can be distributed in wholesale quantities throughout the dominion.

I do not need to point out that the question of juvenile delinquency is a matter of concern to every community from one end of this country to the other. Nor do I need to mention that those of us who are lawyers can recall cases that have come to our attention in which a boy or a girl becomes involved with the law, and then in your office you see the tragedy of the parents being at a loss to understand how their boy or girl could possibly be mixed up in this matter. Frankly I say to the minister that while his definition of crime comics may stand up, so far as the amendment dealing with obscene literature is concerned I doubt that there will be any improvement in the future. In view of this judgment it is likely there will be even a wider and more wholesale distribution of this type of material.

While the accused may engage the best lawyers in the country, as was done in this case, and contend that it is realism and has literary value, I do not think any member of this house or any parent in Canada would say that this trash is the sort of thing we want our Canadian boys and girls to read.

Mr. Knight: I have expressed before in this house the opinion that generally speaking I am in favour of the freedom of the individual in regard to his reading. Censorship, even if it were efficiently conducted, is a difficult thing. First of all, there are differences of opinion as to the definition of "obscene". There is little general agreement in regard to this matter. Censorship, even if it is carried on with ability, depends for its effectiveness upon the co-operation and endorsement of the public.

I believe that the public has already indicated its support of this bill. It is a difficult problem to give to the adult individual freedom in the matter of his reading, and at the same time guide our young people and protect them from the literary malnutrition from which they suffer at the moment. My own approach has always been a positive one. You cannot easily prohibit people. I believe the best way is to substitute something which is good for something which is bad. I mean by that the encouragement of good literature and good libraries. I would draw to the attention of the government the desirability of encouraging the building up of good libraries. I would urge, too, the removal of all restrictions, particularly sales taxes and customs duties, upon good literature coming into this country.

While I am on the subject, I might mention the matter of textbooks. I have a letter from the Minister of National Revenue, in which he says that textbooks "on the curriculum", —whatever that means—are admitted free. I believe that is true, but it is not true of all educational books. Friends of mine who are university professors have complained bitterly that they are not able to get certain books they need—not those which are definitely assigned to the student in relation to subjects on the curriculum, but reference books. Anyone who has any knowledge of teaching knows that wide reading on the part of a man who is trying to teach a subject is more important to him—it may not be to the student—than the textbooks themselves.

I believe that in this day and generation every government has some responsibility in this matter. I know it is a disputed question. I have discussed it with newspaper editors. If you ask the average newspaper editor what his responsibility is in the matter of leadership in the reading of good literature the discouragement of slang, and that sort of thing, he will say it is not his business to run a Sunday school. He is working for a businessman, and his business is to run a newspaper and to sell that newspaper—in other words, to give the public what it wants. I decry that point of view. I do not know whether that is the attitude of the government in this matter—to give the public what it wants—or whether the government feels it has a responsibility of leadership; that it should try to induce the people to move along lines that are in their best interests. It is a question I do not wish to discuss any further here, because if I did so I might get into a lengthy argument.

I know that the assistance the government might give to university professors and teachers, by throwing off certain taxes, would cost money. It would cost the government money to support libraries. But may I refer to another letter I received, this time from the Secretary of State, in reply to a question I asked him the other night with regard to the printing bureau. He tells me that it costs $18,240 to print the divorce evidence which as members we receive

carefully sealed in a brown envelope, and which, as regularly as we receive it, we throw into our wastepaper baskets. I suggest that there is at least $18,000 which might be earmarked for a better class of reading. There is a difference between government acquiescence and government leadership.

In this matter of the selection of literature there must be somewhere in the department —and I think it should be in the department of customs and excise—men who have some knowledge of these things, whose literary taste—and I draw attention to that expression—is above reproach, and who have some wide knowledge of literature as well as experience in the matter of mere living.

Having stated my objection to censorship generally, I want to say this about these particular crime comics, these things which the hon. member who spoke before me said are realistic, but which are not. There is a difference between a thing which is essentially realistic, as a part of a serious novel, and a thing which is made deliberately pornographic and filthy so that it may become a best seller or appeal to moronic minds.

There are children of ten, twelve, fourteen and fifteen who have not the experience in living to enable them to distinguish the good from the poor in that particular regard. Since this is a matter having to do with youth, I am giving to this bill my hearty support. I should like to congratulate the sponsor upon the courage and initiative he has shown in bringing it to the house. I should also like to congratulate the government upon adopting that bill with the necessary amendments. It has my hearty support, and I believe it will have the hearty support of the country as well.

Mr. Shaw: Hon. members are aware of the fact that from time to time over the years the hon. member for Macleod has raised his voice in protest against the distribution of crime comics and obscene literature. Were he not unavoidably absent from the house this morning, I am sure his voice would be heard again. He would do as he did earlier in this session; he would compliment the hon. member for Kamloops upon bringing Bill No. 10 before the house. He would also compliment the minister and the government upon the action which they are taking now.

A few weeks ago my leader, the hon. member for Peace River, advanced what he considered to be a positive program to deal with this subject. In supporting the bill as amended, the hon. member for Macleod would naturally be speaking for all of us in this group. We are pleased that this action is being taken, and we will support the measure.

Mr. Fulford: Last spring, Mr. Chairman, it was my privilege to attend a public speaking contest held in the town of Brockville; it was a contest among the school children of Brockville and district. The debate was won by a twelve-year-old girl whose topic was the harm or value of comic books. Subsequently this little girl won a contest, sponsored by the Ontario trustees and ratepayers association of eastern Ontario, participated in by public schools representing all counties in eastern Ontario, including the city of Ottawa. It was a great privilege for me to listen to this little girl, because a more stinging indictment could not have been made by anybody than was made by Nancy Howard of Brockville. The substance of her short discourse was the fact that all comic books are not harmful, but unfortunately the younger mind was not in a position to tell the difference between what is good and what is bad. She had a number of them pasted on a large board, and with a pointer she indicated those that she considered bad.

Let me tell you, Mr. Chairman, that later I went to the trouble of going to a bookstore and buying some of these publications, and I can testify that she was right; not only was it not fit literature for children, but it was not fit literature for adults. She pointed out then the comic books which depicted biblical stories, historical stories and nature stories, and which were good. I certainly think that if a child of twelve—and I was later assured by her teacher that this work was done entirely on her own initiative, without any help—can point to the danger that exists in the material on the bookstands and in the bookstores of Canada, it is indeed time that we in the House of Commons woke up.

I want to commend the hon. member for Kamloops for his initiative in bringing this bill forward for discussion and consideration. It should have been brought forward years ago. It is one of these things that has just grown. When comic books originally came out, there was no harm in them, but they were not good literature. The harm has crept in until today we must take a decided stand and see that these books are swept from our bookstands and bookstores.

There is little more I need to add, except a comment that may be of some interest. Yesterday I was speaking to the principal of one of Brockville's public schools, who told me that within the last few months the public library has been thrown open to the school children, and that the teachers take their classes there and instruct them in what are good books for the younger generation to read. As a result he says that there has been a marked decrease in the number of crime

comics in the possession of the children; that the children have now become aware of the dangers that exist, and that they are asking for such books as "Tom Sawyer", "David Copperfield" and the better-known books on which the generation to which we belong were brought up. Unfortunately the parents are generally the last to discover what the child is doing or what he is reading. Until the time comes when there is an act with teeth in it, there will be the danger of these books getting into the wrong hands and influencing the minds of children when they are in their formative period; and in spite of what teachers, parents and others may do, there will be developed in children crime instincts which can do nothing but harm to young Canadians who should be given every opportunity to develop their minds properly rather than along the sadistic lines depicted in these books.

Mr. McIvor: Mr. Chairman, I think I was the first to support the hon. member for Kamloops when he brought in his amendment. I spoke then just as vigorously as I knew how, within my experience and intelligence. We are grateful for this amendment, and we are grateful that the minister did not carry it over to the next session. What standard shall we use when we are judging that a thing is right or wrong, whether it is a book or anything else? The standard is that set up by Mr. Speaker when he asks the blessing of the Master Teacher upon our deliberations. If we adopted that standard, many books would be removed from our parliamentary library which emphasize the breaking of the seventh commandment.

I support the minister in this amendment. I am pleased to know that the hon. member for Kamloops has his support. We should join heartily in co-operation to make these amendments a success.

Mr. Drew: The amendment before us is one which could be of great importance in dealing with an extremely serious situation. The hon. member for Hastings-Peterborough has indicated the difficulty of obtaining convictions under the law as it now stands, and in view of judgments which have been given, he has indicated his concern about the possibility of obtaining a conviction even under the amended section. It seems that it will not be possible to determine how far this new section will be effective until cases have actually been tried. If weaknesses are found, there seems no doubt that hon. members will be ready to support such further amendments as may have the effect of preventing the sale and distribution of this type of literature.

[Mr. Fulford.]

The section as it will now be framed has to do with both the obscene literature which was covered previously, and also what are described as crime comics, defined in the amendment as a magazine, periodical or book which exclusively or substantially comprises matter depicting pictorially the commission of crimes, real or fictitious. I hope that those who are called upon to deal with alleged offences under this amendment will not seek to find ways of avoiding the imposition of penalty, but will direct their minds to the clear pattern that is emerging from influences which produce an extraordinary similarity in crime amongst the members of the younger generation.

It has often been said, and with great truth, that juvenile delinquency is largely parental delinquency, and in the perfect society, which has not yet been reached, undoubtedly parents would be able so to influence their children as to prevent their reading books of this kind, no matter how readily available they might be. But we know as a matter of actual experience that if these books are available they will be read, and if they are read, they have a certain influence. Only two weeks ago a mere boy of sixteen was sentenced in one of our courts to be hanged, and the evidence demonstrated clearly that his mind had been influenced by books of this kind. We have had all too clear evidence of the fact that this type of publication is often dealt with merely on the basis of a fine distinction between what is adult literature and what is extremely harmful poison to the minds of our young people.

We can expect there will be those who sincerely question the withdrawal of the word "knowingly" from the first part of section 207 as amended. There will be a genuine concern about that; but it should be pointed out that this section deals only with those who make, print, publish, distribute or circulate, and it is not too much to ask those who have to do with the sale of these books to exercise some control over what they do sell. With regard to those who place these books or circulars in the hands of retailers, it is not going beyond the general principles of our law to say that since they accept the benefits of that distribution they should accept also the responsibility for it. After all, under the Criminal Code those who handle firearms, poison or explosives; those who start fires, and so forth, are charged with some responsibility for the thing they do, and the same principle should apply here.

The hon. member for Kamloops deserves great credit for the persistence with which, as a private member, he has continued to bring before this house the need for an

amendment of this kind. I am sure that when this legislation passes it will be commonly known as the Fulton bill. I hope it will, because it will be a tribute both to his discernment in choice of a subject for presentation as a private member, and also to his persistence in furthering the legislation. In this instance hon. members will undoubtedly feel that the Minister of Justice and the government, having accepted the suggestions that have been made, having sought the advice of the provincial attorneys general and others, and brought in further amendments to strengthen the section, have co-operated effectively with the private member who introduced the measure. This is an excellent demonstration of the manner in which our system of parliamentary procedure should work.

Amendment (Mr. Garson) agreed to.

Section as amended agreed to.

On the title.

Mr. Fulton: There is a consequential amendment to the title, arising out of the fact that the amendment moved by the minister has just been adopted.

First let me express to the committee, and through the committee to the house, my appreciation of the support which has been given to this bill. I do not believe it is an exaggeration to say that when the House of Commons passes this bill it will have made a great achievement in the interests of Canada —and it is not the achievement of any one member or of any particular group of members. I express my sincere appreciation of the generosity of those who have spoken in pointing out that I introduced the bill in the first instance, but it represents an achievement of the House of Commons as a whole. All hon. members have united in a spirit of friendship and of urgency to accomplish something of great benefit to our whole country. If it were necessary to do so, I believe one could substantiate this statement by reference to letters that all hon. members have received. I have received many communications from humble men and women, parents who were desperately concerned with the welfare of their children, and conversations I have had with those parents moved me greatly. I know the deep anxiety with which mothers and fathers have viewed this matter, recognizing in it a frightful threat to which their children have been exposed. It was an exposure which was beyond parental control, because these crime comics were available in such large numbers and in so many places. I know that this anxiety of parents has played a large part in securing the extraordinary degree of unanimity with which this proposal has been received in the house.

In the past I have not hesitated on occasions to be a severe critic of the government. I take this opportunity to say, with all the sincerity I can muster, how much I appreciate the fact that on this occasion we have been working together for a common purpose. I express unreservedly my appreciation of the manner in which the government, particularly the Minister of Justice, have set themselves the task of accepting and improving upon the bill offered, and facilitating the passage of the legislation. I am profoundly impressed by the great and abiding strength and inherent fineness of our democratic system, in the light of the fact that this proposed legislation has been accepted and the purpose achieved, not, as I say, by any one group or individual using pressure or force in any form of manoeuvring, but quietly and co-operatively in the ordinary course of parliamentary procedure. In that procedure hon. members on both sides of the house, those holding official positions, such as the minister, and the private members, have worked together to produce the desired result. It makes me proud to be a Canadian, and doubly proud of the privilege of being a member of Canada's House of Commons, where this immensely powerful aspect of the democratic process has been demonstrated—and all this in marked contrast to the type of procedure which is not the strength but rather the weakness of countries governed by other methods.

As a private member may I presume finally to speak for all private members in all parts of the house—and I believe I do—by saying that we are immensely cheered, not only by the acceptance of this legislation, but by the fact that even at a time when governmental problems weigh upon the House of Commons and the country, my colleagues and I in the house should have been given an opportunity to contribute something positive to the country we all love so much, and which we are all so anxious to serve and to preserve as the homeland of decency and right; for this is really the purpose of the bill.

I move, seconded by the hon. member for Lake Centre (Mr. Diefenbaker):

That the title of the bill be amended by deleting therefrom the words in the parenthesis, "portrayal of crime."

Amendment agreed to.

Title as amended agreed to.

Bill reported, read the third time and passed.

Questions

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FAMILY ALLOWANCES

Mr. Hodgson:

1. Are payments under the Family Allowances Act made before proof of eligibility is established?

2. If so, what was the total amount of such payments made during the years 1948 and 1949 to date?

3. What amount, if any, of the above payments have been found to be overpayments in accordance with the terms of the act?

4. On what authority were family allowance payments made prior to proof of eligibility being established?

5. What action, if any, has been taken to recover overpayments made under the Family Allowances Act?

6. How much has been recovered to date?

Mr. Martin:

1. Payments under the Family Allowances Act are made on the basis of a declaration signed by both parents and stating the birth date of each child. Since this declaration is subject to later verification through provincial vital statistics records, or otherwise, it is not considered necessary to delay payment of family allowances until verification is made. (There are a number of points of eligibility for family allowances, including residence in Canada, attendance at school, maintenance by the parent, age under sixteen, and so forth. However, it is assumed in replying to this question that the inquiry turns on verification of birth dates.)

2. Payments made during 1948 and 1949 (to October 31) before verification of birth dates, may have been made with respect to accounts originating in 1945, 1946 or 1947, as well as in 1948 and 1949. While all accounts go into pay prior to verification of birth dates, the process of verification began early in 1946 when most provincial records became available and has progressed steadily since. Currently more than 96 per cent of all birth dates claimed have been verified, and more than 99 per cent of all those for which provincial birth record indexes have been supplied to family allowances offices. To determine now what payments were made in 1948 and 1949 in respect to children with birth dates not yet verified in those years would require the detailed analysis of over 1,800,000 family allowances accounts, covering over 4 million children. This would require many months' work.

3. Of the payments made in 1948 and 1949 on behalf of children whose first payments of family allowances began in those years, total overpayments arising because of birth date errors amount to $163, all of which has been recovered. In addition there remains as of October 31, 1949, a balance of $92,325 due to overpayments arising from birth date errors made in respect to children who were registered for family allowances before 1948. Of this amount, all except $5,371 is recoverable either by deductions from continuing accounts or by collection from the payee.

4. The Family Allowances Act does not require that the age of a child must be confirmed from provincial vital statistics records before payments are made. Family allowances payments are made on the basis of a declaration completed and signed by the parents. So far as birth dates are concerned, the birth dates claimed by the parents are subsequently verified by comparison with provincial vital statistics records. Such records are available only after several months following the registration of the child for family allowances. The vast majority of birth dates as claimed by the parents are found to be correct. To require parents to prove the birth date before family allowance payments could begin would mean inconvenience to them in procuring birth certificates and a considerable delay in beginning payments. Moreover the burden placed on provincial vital statistics offices in being called upon to issue so great a volume of birth certificates promptly would exceed their capacity.

5. Overpayments incurred under the Family Allowances Act are recovered by: (a) complete suspension of the account; (b) deductions from an account; (c) collection from the parent.

6. In the first years of family allowances payments, records of overpayments were not kept in a manner which permits of determining what amount of overpayments was due to birth date errors, and what amount was due to other reasons. It is not therefore possible, except with detailed examination of every family allowances account in pay at any time since July, 1945, to ascertain what overpayments were set up on account of birth date errors, or what amounts have been recovered against them. However, the balance of overpayments, for all causes, outstanding at March 31, 1948, was $493,291, in respect to 8,982 accounts. This balance on October 31, 1949, was $429,168, in respect to 7,397 accounts made up as follows:—2,495 accounts amounting to $150,374.25 where recovery is automatic by suspension and recovery from future payments, 4,420 accounts amounting to $250,998.36 where recovery is being undertaken by direct collection methods, the accounts having lapsed; 482 accounts amounting to $27,795.56 where every possible attempt thus far to collect the overpayment may have been regarded as uncollectable.

[Mr. Fulton.]

Of the total amount of $429,168, $92,488 is due to overpayments arising from birth date errors made in respect to children registered from 1945 to date. This includes all the children up to sixteen years of age who were registered in 1945, prior to the first payments of family allowances, as well as all children registered from July, 1945, to October 31, 1949, throughout Canada.

It is a matter of great interest to note, as has already been indicated, that of the payments made in 1948 and 1949 on behalf of children whose first payments of family allowances began in those years, total overpayments arising because of birth date errors amount to only $163, all of which has been recovered. This would seem to be, on examination of family allowances administrations in other countries, a record of administrative achievement.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE —EMPLOYEES

Mr. Courtemanche:

1. How many persons were in the employ of the Department of National Health and Welfare in 1939?
2. How many persons are in the employ of the said department at present?

Mr. Martin:

1. The Department of National Health and Welfare was established in 1944.

2. As at October 31, 1949—2,716 (excluding casuals, 137).

FEDERAL GOVERNMENT CONTRACTS—FAIR WAGE PROVISIONS

Mr. Knowles:

1. Do contracts let by the federal government include any fair wage provisions?
2. If so, what are the terms of such provisions?
3. Are there any kinds or classes of contracts exempt from such provisions? If so, what kinds or classes?
4. To what extent do provincial fair wage laws and other provincial legislation apply to employers carrying out federal government contracts?

Mr. Mitchell:

1. Yes. The Fair Wages and Hours of Labour Act, 1935, requires the inclusion of fair wage provisions in every contract made with the government of Canada for construction, remodelling, repair or demolition of any work.

Order in council P.C. 1206 of June 7, 1922 as amended, recently consolidated by order in council P.C. 5547, November 3, 1949, requires that labour conditions shall be observed by the department or departments concerned in connection with all contracts made on behalf of the government of Canada for the construction or remodelling of public buildings of all kinds, railways, canals, roads, bridges, locks, dry docks, elevators, harbours, piers, wharves, lighthouses, and other works for the improvement and safety of transportation and navigation; rifle ranges, fortifications, and other works of defence; dams, hydraulic works, slides, piers, booms, and other works for facilitating the transmission of timber, and all other works and properties constructed or remodelled for the government of Canada; also that the like conditions shall, as far as practicable, be observed by the department or departments of Canada, in connection with all agreements made by the government involving the grant of dominion public funds in the form of subsidy, advance, loan, or guarantee for any of the purposes mentioned.

Labour conditions are also observed by the department or departments concerned in connection with all contracts for the manufacture and supply to the government of Canada of fittings for public buildings; harness, saddlery, clothing, and other outfit for the military and naval forces; Royal Canadian Mounted Police; letter carriers, and other government officers and employees; mail bags, letter boxes, and other postal stores.

2. These are set out in the Fair Wages and Hours of Labour Act, 1935 and order in council P.C. 5547 of November 3, 1949.

3. Any kind of contract not specified in the answer to part 1.

4. Except as to the wages and conditions of employment stipulated in the federal fair wages and hours of labour legislation, employers carrying out federal government contracts are not exempted from the operation of applicable provincial legislation.

COMBINES INVESTIGATION ACT—RECOMMENDATIONS OF REPORT ON INTERNATIONAL CARTELS

Mr. Coldwell:

What action, if any, has been taken on each of the recommendations contained in the report "Canada and International Cartels", by the commissioner of the Combines Investigation Act in 1945?

Mr. Garson:

A. The recommendations made in the report "Canada and International Cartels" are set out in pages 66 to 69, and may be summarized as follows:

1. Particular attention should be given by the combines investigation commission to restrictive agreements based on patents.

The following action has been taken in this field: The Combines Investigation Act was amended in 1946 to give powers to the exchequer court to issue remedial orders in cases of use of patents or trade marks unduly to limit production or restrain or injure

trade. The combines investigation commission has been giving particular attention in its inquiries to restrictive arrangements based on patents. Recent actions have been taken in the exchequer court, instituted by the Attorney General of Canada, to impeach patents which formed the basis of restrictive agreements. Several of these patents have already been declared invalid.

2. The establishment of official government records which would show from time to time any significant change in the degree of financial control which corporations outside Canada exercise over individual domestic companies.

Information with respect to this matter is being compiled by the dominion bureau of statistics which, from time to time, publishes the results of its studies in this field. A comprehensive report was published in 1949.

3. More adequate provision for the initiation of inquiries by the combines investigation commission into restraints of trade and unfair trade practices.

Amendments made to the Combines Investigation Act in 1946 empowered the commissioner to receive and inquire into complaints respecting practices alleged to be offences under the act or under sections 498 and 498A of the Criminal Code. Provision was also made in the 1946 amendments to restore the power of the commissioner to initiate inquiries under section 12 of the act.

4. The building up of an effective organization under the Combines Investigation Act supported by sufficient appropriations.

The staff of the commission has been built up from an average of eight in 1945 to thirty-two in 1949. Appropriations have increased from $61,000 in the fiscal year 1945-46 to $170,683 in the fiscal year 1948-49. Further increase is made in the estimates for the current year.

5. Support should be given by the government of Canada to the establishment of an international office to deal with international cartels.

Canada participated in the United Nations conferences on trade and employment which resulted in the Havana charter for an international trade organization. This charter, which has been submitted for ratification to the participating countries, contains provisions for dealing with restrictive business practices by cartels.

*NEWFOUNDLAND—PHYSICAL FITNESS ACT

Mr. Higgins:

Has Newfoundland made application to be included within the provisions of the Physical Fitness Act?

[Mr. Garson.]

Mr. Martin: No formal application has been received, but discussions are taking place with the province of Newfoundland.

QUESTION PASSED AS ORDER FOR RETURN

INCOME TAXES AND SUBSIDIES—SASKATCHEWAN

Mr. Argue:

1. What was the total amount of (a) income taxes; (b) corporation taxes, collected from Saskatchewan individuals or corporations in the fiscal year 1948-49?
2. What other sums in the form of taxes, levies, or deductions were collected from individuals or corporations in Saskatchewan in 1948-49, and what was the amount of each?
3. What was the amount of each grant or subsidy paid to the Saskatchewan government in 1948-49?

DOMINION LANDS ACT

APPROVAL OF REGULATIONS TABLED SEPTEMBER 16, 1949

Hon. Colin Gibson (Minister of Mines and Ressources) moved:

That regulations made by the governor in council under authority of the Dominion Lands Act, chapter 113, R.S. 1927, which were published in the *Canada Gazette* on the 21st day of May, 1949, and the 23rd day of July, 1949, in accordance with the provisions of section 75 thereof and which were laid on the table on the 16th day of September, 1949, be approved.

He said: Mr. Speaker, the Dominion Lands Act requires that regulations made pursuant to the provisions of the act be tabled in the house, and that they be published in the *Canada Gazette*. They must also be approved by resolution of both houses of parliament, otherwise they expire at the end of the session. The regulations placed on the table are not new; they are a consolidation of regulations which had previously been approved by parliament.

Motion agreed to.

At one o'clock the house took recess.

The house resumed at three o'clock.

GOVERNMENT EMPLOYEES COMPENSATION ACT

AMENDMENT TO PROVIDE FOR COMPENSATION IN ACCORDANCE WITH P.E.I. ACT

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 220, to amend the Government Employees Compensation Act, 1947.

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

On section 1—*Repeal of section 4.*

Mr. Chevrier: Mr. Chairman, I think I should make a short statement and explanation as to this bill.

Section 4 of the Government Employees Compensation Act, 1947, provides that where an employee of the federal government is caused personal injury, where death follows an accident, or an industrial disease is suffered by such employee in the province of Prince Edward Island, the rate of compensation shall be that which is in accordance with the law of the province of New Brunswick. On the 23rd day of March, 1949, the Workmen's Compensation Act of the province of Prince Edward Island was enacted, and, I understand, put into effect on the same day. Therefore the province of Prince Edward Island now has its law of compensation in so far as government employees are concerned. This being the case, it is advisable that section 4 of the Government Employees Compensation Act, 1947, be repealed so that section 3 will now come into operation so far as the province of Prince Edward Island is concerned. In other words, it will mean when an accident occurs or death follows or an industrial disease exists involving employees of the government in the province of Prince Edward Island, by virtue of section 3 the law applicable will be that which is in existence at the time in the province of Prince Edward Island.

I am sure the bill will commend itself to the house.

Mr. McLure: This covers compensation for injuries to all government employees in Prince Edward Island, and it will now be the same as the rest of the provinces? Is that right?

Mr. Chevrier: The first part of the hon. member's question should be answered yes, and the second part no. The law applicable in the case of Prince Edward Island will be that which was enacted on the 23rd of March, 1949, but it is somewhat different in that province from what it is in other provinces.

Mr. McLure: It will be entirely up to them.

Mr. Chevrier: That is right.

Section agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BANKRUPTCY ACT

GENERAL REVISION AND CONSOLIDATION—VARIOUS AMENDMENTS

Hon. Colin Gibson (for the Minister of Justice) moved that the house go into committee on Bill No. 149, respecting bankruptcy.

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

The Deputy Chairman: May I remind hon. members that the bill has been studied carefully in the standing committee on banking and commerce, and is now reported therefrom with a few amendments. Unless I have unanimous consent I shall have to call each clause separately.

Mr. Fraser: Will you indicate, sir, the sections on which amendments were made in the committee?

The Deputy Chairman: Yes.

Sections 1 to 173 inclusive agreed to.

On section 174—*Coming into force.*

Mr. Fleming: It is not my desire to break the spell which has been cast over these sections, but I think it worth saying that the fact the committee has found it possible to pass them with such speed is a tribute to the work done in the banking and commerce committee, which really has been working very hard on this bill, sitting twice a day for the past two weeks.

I should like to ask the Minister of Justice when it is proposed that the act be brought into effect. One of the factors which impelled the banking and commerce committee to work so strenuously on this bill was that representations were received from a number of responsible bodies indicating their keen desire to see the bill adopted and brought into operation as quickly as possible. Could the minister indicate when it is proposed to bring the legislation into effect?

Mr. Garson: I do not think I can give any more definite undertaking than simply to repeat the words of those who have urged that it be brought into effect as quickly as possible. Certainly it is our intention to bring this legislation into operation as soon as that can be done.

Mr. Fair: I should like also to ask the Minister of Justice whether the speed with which this legislation has gone through the house is responsible for the clocks in the chamber going on strike. Apparently they have not been able to keep up with us.

Section agreed to.

Schedule agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Vessel Construction Act

CANADIAN VESSEL CONSTRUCTION ASSISTANCE ACT

CONSTRUCTION AND CONVERSION OF VESSELS —ACCELERATED DEPRECIATION

Hon. Lionel Chevrier (Minister of Transport) moved the second reading of Bill No. 216, to encourage the construction and conversion of vessels in Canada.

Mr. Drew: Is the minister explaining the bill?

Mr. Chevrier: If I may I should prefer to make the statement in committee of the whole.

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

On section 1—*Short title.*

Mr. Chevrier: The purpose of this bill is to give some measure of tax relief to those persons who build ships in Canada for operation under the Canadian flag.

In its second annual report, which has been recently tabled, the Canadian maritime commission has pointed out that the cost of construction of a ship in Great Britain is approximately twenty-five per cent less than the cost of construction of a similar ship in Canada. This represented comparative costs as of the 31st March of this year, and recent changes in monetary values have probably served to widen this gap materially. In any event it is safe to say that Canadian building costs are the second highest in the world; but owners who build in Canada have not the same benefits in regard to depreciation as those who build in countries which enjoy lower building costs.

The law as it stands at the moment allows a shipowner to write off by way of depreciation six per cent yearly of the cost of a new vessel against his profits. If there are no profits he still must write off three per cent.

It is well known that the shipping industry is a feast or famine business. It experiences fairly well defined cycles of reasonable prosperity and depression. There is not a uniform earning record, and for that reason the shipping industry does not generally represent an attractive investment. Moreover if a shipowner is compelled to take depreciation in loss years, he may lose the opportunity of fully amortizing his investment and therefore be under a disability when the time comes for him to secure fleet replacements.

The bill is designed to make shipping a more attractive investment and thus to encourage building in Canada. In brief, the bill permits a shipowner who builds or converts a vessel in Canada to write off his investment up to 33⅓ per cent per annum as quickly as earnings permit, and on the other hand he is not compelled to take depreciation in any year when he has experienced a loss.

Under such arrangement of flexible or accelerated depreciation the government does not suffer a tax loss. When the shipowner exhausts his depreciation he must pay taxes on the full amount of his profits without deduction. In other words he may use his discretion within the limits allowed by the bill to write off his capital investment. Under the particular conditions of the shipping industry I believe it is fair to permit capital write-off to be geared to cycles of fluctuating earnings.

A minor feature of the bill provides authority for establishing a reserve against quadrennial surveys. Under the Canada Shipping Act and under the rules of classification societies, shipowners face a regular and unavoidable expense in relation to special surveys every four years in the interest of the safety of the ship, its crew and cargo. This is another condition which is peculiar to the shipping industry, and therefore the bill envisages the setting up of reserves annually to meet such known and unavoidable liability.

The bill does not represent any new or radical departure in the principles of taxation as they affect shipping in other countries. On the contrary, it tends to bring Canadian legislation affecting shipping into line with that of other countries. The United Kingdom recently increased the first year's depreciation allowance from 20 per cent to 40 per cent. Sweden allows free depreciation, in the sense that the taxpayer may write off on his books any amount in his discretion up to 100 per cent. Denmark allows tax-free depreciation over a two-year period for amounts in excess of pre-war building costs. Many other countries have adopted varying methods in applying the principle.

One thing, however, which I should point out is that the benefits of the bill apply only to vessels built or converted in Canada. In view of the depressed state of the deep-sea shipping industry throughout the world, the demand for new building has fallen off, and I do not suggest that this bill will produce a large volume of building orders for Canadian yards immediately. I am, however, satisfied that it will give considerable encouragement to the building of some vessels, especially those required in the coastal and inland trades, where we are badly in need of new equipment. I believe that building of vessels encouraged by this legislation, together with such vessels as are required for government account, will enable us to

preserve in this country a nucleus of a shipbuilding and ship repairing industry for defence purposes capable of expansion to meet an emergency in time of war.

The object of the bill before the house is to aid in the construction and conversion of ships. The bill may be divided into three main parts: One, depreciation with respect to construction costs of a vessel to be built after a date fixed by proclamation; two, depreciation with respect to conversion costs expended after the date fixed by proclamation on a vessel in existence on that date; three, depreciation with respect to ships sold.

Prior to December, 1948, the maximum depreciation to which the owner of a vessel was entitled was 6 per cent of the original cost. In 1944 or 1945, the normal rate was 4 per cent of the original cost. However, in order to encourage the sale of Park vessels, the normal rate was increased from 4 per cent to 6 per cent. Furthermore, ships purchased during the reconstruction period were entitled to double the normal rate, that is, 12 per cent.

The present position, therefore, is to allow a maximum allowable depreciation of 6 per cent of the original cost. This is in accordance with the straight line method as opposed to the reducing balance method. This bill will allow the owner of a vessel who constructs or converts his ships in Canadian yards to special depreciation which he may write off at the rate of 33⅓ per cent in a year. The bill contains certain other clauses which are of a minor nature.

I am sure this bill will commend itself to the house.

Mr. Green: This is the first opportunity that the house has had, Mr. Chairman, to discuss the allied questions of shipping and shipbuilding in Canada.

Mr. Chevrier: May I remind the hon. gentleman, without wishing to interrupt him, that this deals with shipbuilding only.

Mr. Green: Yes, I believe that is the great weakness in the government's position.

Mr. Chevrier: I am pointing that out because I hope the hon. gentleman is not going to commence a discussion of shipping problems, when this deals with just one angle of the problem.

Mr. Green: In the speech from the throne there was a reference to shipbuilding and shipping, in that it said that measures demanding our consideration would include a bill respecting assistance to shipping and shipbuilding in Canada. In the spring session, there was also a reference in the speech from the throne to a bill respecting assistance for the Canadian shipbuilding industry. Nothing further was heard of that bill to help shipbuilding, and the house prorogued without any legislation having been brought down.

Today we have a measure before us to aid the shipbuilding industry, but it would appear that nothing is to be done to help the shipping industry directly. In any event, this bill is brought before us in the dying days of the session, and it is described as "An act to encourage the construction and conversion of vessels in Canada".

As I understand the bill, and I believe the minister confirmed my understanding in his remarks, its purpose is to provide for accelerated depreciation in respect of ships which are built or converted in Canadian shipyards after a date to be set by proclamation. A ship may be depreciated in full over a period of three years. The bill also contains a provision for setting aside a reserve for what are called quadrennial surveys on all shipping. These provisions will be of some help to the shipbuilding industry, and for that reason I believe the bill should be passed by the house. We should bear in mind, however, the fact that a vessel can be depreciated only once. In other words, if the company that owns the vessel is making a good profit during the three years after the ship is constructed, then of course they would benefit by writing off this depreciation but depreciation can only be taken once, and when the whole value of the ship has been depreciated, this is no further benefit.

As I understand the measure, it helps with the building of any kind of ship; it is not restricted to ocean-going vessels. There is more control over the conversion of ships than there is over construction, because in the case of conversions the Canadian maritime commission have to approve of the conversion plan. I believe the commission are given no such control over the construction of ships.

One other feature of the bill is that there is no provision for a report to parliament, or, in fact, to the minister himself, on the operations under this act. Here we have a bill making a special provision for depreciation with regard to shipbuilding. I suggest to the minister that there should be written into the bill a provision that there shall be a report to parliament annually on the operations under the bill. From its terms, I take it that the bill is to be under the jurisdiction of the Canadian maritime commission. That body is given whatever control there is over the operations carried on under the bill.

That brings me to the story of the Canadian maritime commission. That body being the one which will administer this act, it is

important to consider just what their powers are and what position they have taken. The commission was set up just two years ago after demands had been made for several years from all sections of the house. The United States for a long time has had a maritime commission responsible for advising the government on the marine policy of that country; it has really had control of the shipping and shipbuilding business in that neighbour nation. The Canadian maritime commission was sought in order that it might do for us the same job of work as was being done for the United States by the United States maritime commission. When we received the bill setting up the commission we found that it did not go as far as the United States bill, but the main job of the Canadian maritime commission was defined as being to advise the government and to advise parliament. Hon. members will find the duties set out in section 6 of the Canadian Maritime Commission Act, which is chapter 52 of the statutes of 1947. That section reads as follows:

> The commission shall consider and recommend to the minister from time to time such policies and measures as it considers necessary for the operation, maintenance, manning and development of a merchant marine and a shipbuilding and ship-repairing industry commensurate with Canadian maritime needs.

It will thus be seen that great reliance was placed on this commission. In effect, it was supposed to work out and to recommend a shipbuilding and shipping policy for Canada. It was also given power to have advisory committees. Section 9 provides:

> With the approval of the minister, the commission may establish and appoint the members of such committee or committees as it deems advisable to confer with and advise the commission with respect to any matter within its jurisdiction.

The commission has actually set up advisory committees, has called in leading people from all parts of the country, and has had their recommendations. It did not begin to function until November, 1947. Although the bill was passed earlier that year, the commissioners were not appointed until November 1, 1947. Under their act they are required to file a report. Last year they filed a report dealing with the five months of their operation from November 1, 1947 to March 31, 1948. In view of the fact that they had been operating for such a short time, they were not in a position to report much to parliament. They really were not yet in a position to make recommendations to parliament as to what policy should be adopted. For that reason the next report that they were to make, for the year from March 31, 1948, to March 31, 1949, was of the utmost importance.

[Mr. Green.]

Section 13 of the act, which provides for an annual report, reads as follows:

> The commission shall as soon as possible after the thirty-first day of March in each year and in any event within three months thereof submit to the minister an annual report in such form as the minister may prescribe of its affairs and operations during the twelve-month period ending on the thirty-first day of March, and the minister shall lay the said report before parliament forthwith if parliament is then in session, or, if parliament is not then in session, within the first fifteen days of the next ensuing session.

Actually the report was dated June 30; that is, it was dated at the last possible day after March 31, but it was not tabled in the House of Commons until November 24, not quite two weeks ago. Here is another instance of a minister and the government failing to comply with the provisions of a statute. In this case that deliberate breach of the terms of a statute is unfair to the house and unfair to the Canadian people.

Mr. Chevrier: I wish my hon. friend would omit the word "deliberate".

Mr. Green: The failure to file the report may not have been deliberate. Only the minister and the government know that. But the law called for the tabling of that report within fifteen days after this session commenced. It should have been tabled on the last day of September of this year. The position was that Canada's shipping and shipbuilding industries were steadily declining, that ships were being sold to other flags, that other ships were being laid up and that Canadian sailors were being put on the beach, that is, were losing their jobs. The government had promised action in the spring and had not taken it. It had promised action again in the speech from the throne of this session and yet the minister failed to table that report. It was not just another report. It was not like the report of a department which more or less follows the report of the year before. Here is a report which outlines the whole background of Canadian shipping and shipbuilding, and makes recommendations as to what should be done.

That was the job of the commissioners, and they have actually brought in one of the most comprehensive and worth-while reports that I have ever seen tabled in the House of Commons. Yet the house was not given the opportunity to view the whole picture as set out in the report, and to make up its mind as to what policy should be adopted in regard to shipbuilding and shipping. The men engaged in these two industries across Canada were not given that opportunity, and the Canadian people were not given the opportunity to review this report in order that they might make up their minds what policy should be adopted to meet a very

serious situation. One of the most serious situations in Canada today is the plight of the shipbuilding and shipping industries. This has just been another case of stalling. Measures should have been brought in last spring to deal with the shipbuilding and shipping industries. The remedial measures, if not brought in last spring, should have been brought in earlier in the present session. The delay simply means that the allied industries of shipbuilding and shipping have been allowed to go further and further down.

Let me say a word or two about the report itself. It gives the history of shipbuilding and shipping in Canada, and a very interesting history it is, too. Hon. members will find a very good summary of the report commencing at page 7. It points out that back in the nineteenth century shipbuilding reached a peak in Canada when, in the year 1875—

The Deputy Chairman: Order. I hate to interrupt the hon. member but it seems to me he is discussing the report at greater length than may be necessary to put forth his argument for the purpose of discussing this bill. I do not want to place a limitation on what he has to say, but it seems to me that at times he is hardly in order.

Mr. Green: Mr. Chairman, in the speech from the throne we were promised measures to aid shipbuilding and shipping. This is the measure which has been brought down to do that job and in order to see whether or not it is ample, whether it meets the situation, I must certainly go into the shipbuilding question, and once I go into the shipbuilding question I must necessarily get involved in shipping because they are allied industries. I shall not be long but there are a few points in connection with this report which I simply must explain to the committee in order to make my speech intelligible.

Dealing with the history of shipbuilding in Canada the report points out that back in the days of the wooden ships, in the year 1875, there were nearly 500 ships built in this country. In the year 1878 Canada had 7,196 vessels of 1,333,015 tons and ranked fourth among the ship-owning nations of the world. That of course was owing to the efforts of Canadians in the maritime provinces who made such a splendid record in the days of the wooden ships. The report goes on to explain how, with the large-scale production of steel for shipbuilding in the United Kingdom, the Canadian shipbuilding industry fell away to practically nothing.

Then came the first world war which brought a great need for merchant vessels, and again the Canadian shipbuilding industry became of great importance. But after the war it faded away in much the same way as our shipbuilding industry has been fading away since the second world war. The report states that by 1939 there were on the Canadian registry only 38 regular ocean-going ships of one thousand gross tons and over, totalling in all 241,684 gross tons, of which eleven belonged to the Canadian National Steamships and ten were ocean-going tankers owned and operated by Imperial Oil. In other words, during the twenty years following the first great war the shipbuilding and the shipping industries in Canada had fallen away until there was practically nothing left.

At page 18 the report gives the picture after the second war. In 1948 Canada had 172 ocean-going vessels of one thousand tons or over, with a gross tonnage of 1,178,791 tons. I believe that is the largest ocean-going tonnage Canada has ever had. The figures are also given as of March 31 of this year. The number of ships is reduced from 172 to 145, and the gross tonnage is reduced from 1,178,791 to 981,255. I have not the figures for the end of October, but I think there is very little doubt that they will show that there has been quite a large decrease below the figures for the end of March, 1949.

The report also points out some fundamental factors in connection with these industries in Canada. For one thing it sets out that the cost of constructing a Canadian ship is only surpassed by the cost of constructing ships in the United States. In Great Britain the cost is 25 per cent less than the cost of construction in Canada. Our daily operating costs come second, the United States being $972.52 a day, Canada $810.50 and the United Kingdom ranking sixth at $525.46 a day. Italy, which is last, amounts to $421.71 a day. The report also points out that because of the position of our trade balances, because of the trouble the other countries are having in getting Canadian dollars, the situation of the shipbuilding and shipping industries has been made just that much harder.

In connection with the Marshall plan the report explains that under that plan half of the goods shipped to other countries must be carried in United States vessels and that the other half has to be carried in vessels of the countries which are receiving the aid, so that Canada gets absolutely no benefit from the Marshall aid plan, so far as shipping is concerned.

Then the commissioners come to certain conclusions. They do not agree that the Canadian merchant marine should be allowed to disintegrate. On the other hand they say we should not aim to have a large enough marine to carry all the goods we export. On

the basis of national security the report says there should be maintained a Canadian merchant marine of a certain size. It points out that because Great Britain is in such a position geographically that she would probably be heavily bombed in another war, therefore it would not be wise to depend upon her shipyards; and that for defence purposes Canada must maintain a merchant marine.

The recommendation is that it should be on what is called a nucleus basis, the nucleus suggested being that there should be approximately 7,000 men employed in the shipbuilding yards and that the tonnage maintained by Canada should be 750,000 deadweight tons. I believe deadweight tons are not the same as gross tons—and the minister will correct me if I am wrong. My information is that a deadweight ton is approximately three-quarters of a gross ton. This would mean that the gross tonnage would be about three-quarters of 750,000 deadweight tons or 562,500 gross tons. In March of this year, as I pointed out a moment ago, the gross tonnage was 981,255. So that the commission has recommended a very drastic reduction in Canadian tonnage.

Furthermore, in recommending that there be only 7,000 men in Canadian shipyards the commissioners are recommending another very drastic reduction. At the peak period during the war there were 75,000 people engaged in Canada in shipbuilding. In 1947 the average monthly employment was 16,035 and in 1948 it was 14,596. The commissioners expect that by the end of this year that will have dropped to about 9,000 people working in Canadian shipyards, and it is their recommendation that there be a further drop to 7,000.

They also point out that Canada must get a new type of merchant ship. That is referred to at different points throughout the report. For example, at page 21 we find this statement concerning wartime shipping:

> The ships were of standard types designed to meet a wartime emergency. Their high fuel consumption, slow speed, and lack of refrigerated space unfitted them to hold their own against fast, modern, more economical cargo-liners which shortly after the war began to appear in British and foreign merchant fleets. It was obvious that, once the world-wide shortage of shipping had been overcome, the ships would not be able to compete with more efficient foreign vessels.

The unfortunate feature about that is that back in 1944 several of us urged the government to begin building faster cargo vessels. However the minister of munitions and supply of that day, the present Minister of Trade and Commerce, took a strong stand against that suggestion. He said that, after all, these slow ships were the kind of ships Canada should have. He pointed out that most of our cargoes are of bulk commodities such as lumber, newsprint and other products of that type, and that there was no need to have these fast modern cargo vessels. It was his opinion that Canada's fleet should be a fleet of slow ships. As a result of that stand none of these fast cargo vessels were built.

I believe the position today is that Canada has none of these fast vessels, with the exception of perhaps one or two which have been built for the Canadian National Railways. The Minister of Transport will correct me if I am wrong, but I believe it is true to say that practically all our merchant ships today are of slow-going types which cannot compete with the faster vessels built immediately after the war by Britain, Sweden, Norway and other nations. So that we are in a position now of having to start from scratch in 1950, if we are to get rid of most of the ships we do own and build faster ships which can compete.

There is one other recommendation of the commission to which I should like to refer, and that has to do with labour relations. The report points out that there have been very poor labour relations in the shipping industry in recent years, and makes the recommendation that there should be set up a national maritime board. They say:

> The system whereby owners and the union make an agreement governing wages and working conditions for one year allows grievances to be built upon on both sides over that period, so that negotiations for the renewal of the annual agreement usually commence in an atmosphere of mutual hostility and distrust. In our opinion many of the difficulties could be overcome by the establishment of a national maritime board, representative of both employers and seamen, similar to the national maritime board in the United Kingdom, which provides in effect for continuous negotiation of wages and working conditions at any time and whereby grievances can be quickly dealt with through the operation of port panels.

The Minister of Labour is here and he will know whether there is any merit in that suggestion. However, I do draw it to the attention of the committee.

Mr. Mitchell: Was the hon. member asking me a question? If he was, I shall answer him quickly. There is no such thing as an agreement in Britain; it is all done by minutes. There is no written agreement.

Mr. Green: Is there a national maritime board?

Mr. Mitchell: There might be that. I was thinking in terms of an agreement.

Mr. Green: The recommendation is that there should be set up in Canada a national maritime board. This side of the picture is

very important, because without good management-labour relations we can never have a first-class industry in Canada.

Mr. Mitchell: If I might say this about labour relations: when you have in unions politics of the kind indicated by the leaders who met recently in a conference, instead of having straight unions such as we find in the railways, you have some difficulty. You cannot play politics with trade union agreements, you understand.

Mr. Green: I realize that.

Mr. Chevrier: I realize that this is an extremely important matter to the hon. member; but, after all, surely we will have to stick to the measure before the house. The hon. member has been skating all around the question. I shall be glad to deal with the matter of shipbuilding, but I do not think it is fair at this time to go into a complete analysis of the report of the Canadian maritime commission, a large part of which has nothing to do with the bill.

Mr. Green: As I said a moment ago, there is to be no further shipping legislation at this session. This bill is presented to the house as the government's solution of the shipbuilding problem in Canada.

Mr. Chevrier: No, it is not.

Mr. Green: There may be some other plans. I hope there are, because I do not believe this measure will come anywhere near solving the problem. That is the reason I am pointing out these other facts. Canada simply must have a further and broader policy than we are given by the bill, to settle these two problems. The bill merely provides for accelerated depreciation. For example, suggestions have been made that the Canadian coastal trade should be restricted to vessels registered in Canada. I suggest that the minister should tell us whether or not the government will adopt a policy of that kind. The United States has such a policy, as have many other countries. Why should Canada not insist that her coastal vessels at least shall be built in Canadian yards?

The minister said the other day that negotiations were going on between Canada and the United Kingdom in an effort to give Canadian vessels some share of the carrying trade to that country. We do not know whether or not these negotiations have been successful. If some such arrangement could be made it would certainly help. Various other ways have been suggested to keep the shipbuilding and shipping industries on their feet. The Canadian maritime commission has recommended that there should be a merchant navy of 750,000 deadweight tons, and that 7,000 men should be employed in Canadian shipyards, but it does not recommend how that is to be done. The only solution the minister has produced so far is the present bill. We do not believe it will go far enough to enable Canada to attain the objective which has been set by the government's own commission.

We believe the government is drifting on this question, and that its policy is a faltering one. We believe leadership is required, and that if Canada is to maintain even a reduced merchant navy of 750,000 tons and 7,000 men in her shipyards, there must be some further policy introduced by the government. While the bill is good so far as it goes, it simply does not meet the problem. It is just like trying to kill a grizzly bear with a shotgun.

Mr. Isnor: Mr. Chairman, you were certainly most generous in the latitude you gave to the hon. member who has just taken his seat. I trust you will accord me the same privilege.

The Deputy Chairman: Order. May I say to the hon. member that when I gave that latitude to the hon. member for Vancouver-Quadra, he gave me to understand that he was going to be brief. I understand that this will be the case with my hon. friend.

Mr. Isnor: Mr. Chairman, I can assure you that I will follow my usual procedure of endeavouring to be brief. In today's mail I received a letter, the first paragraph of which reads as follows:

> John Ruskin once said that "when we fail to praise a man who deserves praise, two sad things happen; we run the chance of driving him from the right road for want of encouragement, and we deprive ourselves of one of the happiest of our privileges, that of rewarding someone who has earned our appreciation."

I thought that the opening paragraph of the letter I received today expressed my thoughts as to what I should like to say to the Minister of Transport for introducing this measure. It may be true, as the hon. member who has just taken his seat stated, that it does not go far enough, but I am satisfied for the time being to accept it as a step in the right direction by way of assistance to our shipbuilding industry. The hon. member for Vancouver-Quadra went into the report of the Canadian maritime commission quite fully. I am going to endeavour to abide by the ruling of the genial chairman and not have him call me to order. I shall only refer briefly to those portions of the report touched on by the hon. member. In doing so, I shall not make my remarks extensive. Instead of reading entire paragraphs, I shall simply refer to them.

The Canadian maritime commission was set up for a definite purpose. I base my remarks on the bill before us today which is a result of the exercise of the duties carried on by the commission. When the hon. member for Vancouver-Quadra was speaking I felt he was justified in referring to this fine report. I want to compliment the Canadian maritime commission on the excellent manner in which they have complied and presented it. They have given us a history of the background of shipping from the early days right up to June of 1949. It is a report which every person interested in shipping should have at hand in his library so that he may turn to it as a reference guide so far as any matter relating to shipping is concerned.

As a result of their studies, they have taken certain steps to assist the shipbuilding industry. I do not propose to go over all the various points, and well chosen ones, raised by the hon. member for Vancouver-Quadra, but I feel we should emphasize one or two things that the bill does. It is referred to as an act to encourage the construction and conversion of vessels in Canada. I should like to mention particularly the word "conversion". As shown in the report of the Canadian maritime commission, we have a large number of ships tied up at the present time because they are unable to compete with foreign-operated vessels. That is because of various causes. Operating charges and overhead expenses of Canadian ships are the second highest of nine listed countries, second only to the United States. The daily operating costs of United States vessels are given in the report as $972.52 compared with $810.50 for Canada. It is interesting to note that Italy has the lowest figure, $421.71, while in between of course we have the United Kingdom with a cost of $525.46. It is for that reason I feel the word "conversion" is a most important one in the bill. If this bill makes it possible for shipowners to reconvert or reconstruct ships that are presently tied up, by installing modern machinery and equipment which will give them greater speed and lower operating expenses, then certainly this is something that will be well received by the shipping interests.

I am going to deal particularly with one angle of the shipping industry which was touched upon by the previous speaker but has not been given the attention I think it should receive. I refer to coastal or inland shipping, which I think the minister will agree comes within the scope of this legislation. As I recall it, a few years ago the United Kingdom and Canada entered into an arrangement under which ships of commonwealth countries were given permission to engage in coastal trade in Canadian waters.

While that arrangement is reciprocal, it seems to me the advantage is all on one side, in favour of the United Kingdom. We are unable to operate ships that can compete in the coastal trade of the United Kingdom, owing to the high operating costs that have been mentioned. On the other hand Britain is well able to send its ships to Canada to compete in our coastal trade.

That is of particular interest at the present time; and why do I say that? It is because of the oil developments in the west, as a result of which tankers will be carrying oil on the great lakes and inland waters and along the Pacific coast. I have also in mind the iron ore developments in Labrador and the effect they may have on Atlantic shipping, particularly in Nova Scotia. I believe the minister would be well advised to take this matter into consideration now with a view to the future since, while this comes within the scope of the shipping act, I believe one year's notice is required to terminate the present arrangement. In view of what we may look for in connection with this huge development in Labrador I believe this would not be a bit too early to give that notice, even though it would not go into effect for one year, which would give us an opportunity to study the possibility of greater shipping activity along our coasts.

I believe we should confine this coastal trade to ships carrying the Canadian flag, as the United States has confined its coastal trade to its own ships since 1817. Under the navigation laws of that country Canadian vessels may not engage in trade between United States ports, but on the other hand our law does not permit the transportation of oil from Canadian refineries to be reserved for our own vessels. This would apply also to cargoes of iron ore from the Labrador fields, which I mentioned a moment ago.

On previous occasions I have shown my interest in shipping. I offered the suggestion that we should subsidize ocean freight when carried in Canadian ships. The minister has not yet taken any steps in that direction, but he has brought in a bill which will assist the industry. I like the idea of this depreciation, but I am not quite clear as to its provisions. Perhaps later the minister will be good enough to enlighten me and the committee as to the way it will work. As I understand it, at the present time a depreciation of six per cent is allowed. In other words if my hon. friend the Independent member for Comox-Alberni invested a million dollars in a new ship to engage in the business of carrying freight he would be permitted a six per cent depreciation write-off each year, which would amount to $60,000. Under this

bill he could write off 33⅓ per cent each year, if he so desired, so that in three years he would wipe out his entire cost. Perhaps when the minister replies he will say whether this 33⅓ per cent may be carried over from one year to another, and perhaps broken down. Would it be possible for a shipowner to write off 10 per cent one year and 23⅓ per cent the following year, depending upon the balance sheet or the profit and loss statement for that twelve-month period? And if that is possible, over what period of years would a shipowner be permitted to carry on this practice? Perhaps the minister would be good enough to enlarge upon that when he deals with this matter of depreciation.

I cannot let this opportunity pass without saying that I feel this is a very generous offer. Some may wonder why such a generous offer should be made, and whether it is too generous, whether it will permit a ship to be written off in three years. A person might feel that he would like to invest a million dollars in a ship, but would hesitate to do so because after three years he would have no further opportunity to write off what he might have left. Of course any person who feels there is a profitable future in the shipping trade and invests a million dollars in a ship must think it is worth while when he is offered a depreciation of 33⅓ per cent instead of the usual 6 per cent. I know a good many people would like to have such an opportunity with regard to alterations, new fixtures and so on in their stores. Perhaps the Minister of National Revenue would take an example from the Minister of Transport and permit us the same depreciation in future.

I said I was going to be brief, Mr. Chairman, and I think I have kept my word in making these one or two points. In closing I should like to compliment the minister on having brought forward this bill as the first measure of assistance to an industry which badly needs help these days.

Mr. Macdonnell (Greenwood): Did I understand the hon. member at one point to be asking whether it would be possible to have what I suppose one might call a retarded depreciation rather than an accelerated depreciation? Was that what he was asking?

Mr. Isnor: I did put a question somewhat along that line. I asked whether instead of taking the 33⅓ per cent in one twelve-month period a shipowner could take 10 per cent in that period and carry over the remaining 23⅓ per cent to another twelve-month period.

Mr. MacInnis: The senior member for Halifax concluded his speech by congratulating the minister on bringing forward this measure. I am sorry I cannot begin my few words by doing the same. In saying that, I may be misunderstood. It may be understood that I am opposed to this measure, but really I do not know enough about it either to oppose or to support it. I believe very few members in this house can say whether we are justified in subsidizing the shipbuilding industry under present conditions.

I come from a seaport, as does the member for Vancouver-Quadra, where the people are interested in shipbuilding, the sailing of ships, and the work and wealth which a seaport brings to a country. I shall, however, have something more to say on that point. I should like to have the minister reconcile some facts which I believe I can put before him with the proposal to encourage shipbuilding. But, Mr. Chairman, in order to prepare you, in case you are thinking of raising a point of order on me, may I say that we allowed this bill to go into committee without debate. In such circumstances the understanding always is that the debate which would have taken place on second reading can take place in the committee. Since we are discussing a bill to encourage the construction and conversion of vessels in Canada, I believe that everything pertinent to the construction and conversion of vessels in Canada, not only the building of them but the purposes for which they are built and the possibility of finding business for those vessels, is germane to the question under debate.

The government should not put the private members of this house in the position in which they have put them by bringing this measure before us. Unless we approve of the bill, we may be accused of obstructing the building of ships; then, if we do approve of the bill, we may be doing that which is not in the interests of Canada. As has been pointed out, we have the annual report of the Canadian Maritime Commission before us. It was tabled, if I recall correctly, after the estimates of the transport department dealing with the maritime commission had been discussed and carried. Consequently, there was no opportunity of discussing this report. It seems to me it is of sufficient importance that it should be sent either to the standing committee on marine and fisheries, or to a special committee of this house for study and report.

It is really nothing less than an imposition on this house to have a bill of such importance as this presented to it in the dying hours of the session. Let us keep in mind the title of the bill, "An act to encourage the construction and conversion of vessels in Canada". I have two press clippings in my hand, both of which are from the Montreal *Gazette*. One of

them is dated Halifax, October 11, and bears the heading "Lack of cargoes ties up ten ships at Halifax docks." The article reads as follows:

Ten ships, five owned by Acadia Overseas Freighters Limited, of Halifax, are tied up here for lack of cargoes. The 7,192-ton freighter *Seaboard Ranger,* owned by the Triton Steamship Company of Montreal, arrived today and became the tenth. Shipping officials said high operating costs, stiff foreign competition and the recent devaluation of the Canadian dollar have contributed to the sharp decline in Canadian shipping.

The other clipping is from the Montreal *Gazette* of October 14. It is a longer article dealing with much the same matter, so I shall just read one paragraph.

Canadian flag owners complained bitterly about their inability to beat the problem. They say that federal assistance of some kind is required, but they shy from subsidization, as affording only temporary relief. They also admit that the government cannot order importers of Canadian products to use Canadian ships as transporters.

When you put that alongside certain paragraphs in the summary of the second report of the Canadian maritime commission, I believe we should carefully consider whether we are throwing good money after bad in building more ships. Again I say that I may be misunderstood, but let me read two or three of the paragraphs summarizing the report.

On page 8, paragraph 7 reads as follows:

During 1946 and 1947 ocean freight rates remained high, there was a world shortage of shipping and Canadian owners were able to find employment for their vessels. During this period Canadian shipyards were able to maintain a satisfactory level of employment due largely to foreign orders.

8. During the year 1948 competition from foreign ships became keener, freight rates declined and currency and import controls were imposed by many countries owing to the increasing world shortage of dollars. Profits in the shipping industry fell off. The volume of work in the shipyards, however, was maintained due to a carryover of foreign orders.

9. At the beginning of 1948 there were 215 dry-cargo vessels totalling 2,080,066 deadweight tons which had been sold to private Canadian operators for Canadian flag operation. It is found that such tonnage is in excess of Canadian maritime needs.

In another paragraph the commission indicates:

It is estimated that a deep-sea dry-cargo and tanker fleet of about 750,000 deadweight tons would be sufficient for the carriage of essential cargoes in the early stages of an emergency and to act as auxiliaries for the defence services. Such fleet should contain a proportion of modern vessels, faster than those comprising the present-day fleet. The present vessels are uncompetitive with foreign flag vessels in liner trades.

It seems to me that the only argument, or perhaps one of two arguments that could be made for assisting the building of more ships in Canada at this time is, first, for security reasons; we should keep our shipyards in working condition; second, that we might need a number of faster vessels than any we now have.

Here is another point upon which I should like to have some light. It is questions of this kind which should be discussed in a committee of this house and not in the committee of the whole, particularly with the limited time that we have available. During the year 1948 a great many of the government-owned ships built during the war were sold to private companies with the understanding that if the ships were sold the moneys received would go into escrow and would be used for building other ships. We should know how much money is available now in that fund for building ships. The companies buying those ships obtained them at a very reasonable price; they operated them while operation was profitable and then sold them at a good price to foreign companies that are now operating them and under less favourable wage and working conditions than those maintained on Canadian ships. When they were selling those ships to foreign owners, I think the government should have kept in mind the fact that they would eventually be used to compete unfavourably with Canadian-operated ships. All of these questions should be fully discussed, and they must be fully discussed before we can reach an understanding as to whether we are justified in supporting a measure of this kind, excepting only for the two reasons I have already mentioned, namely, security reasons and the building of perhaps some few faster cargo ships.

Then again there is the question of our international trade—what are other countries going to pay us for the goods they buy from us. On several occasions during this session I have heard statements made in this house that Britain could sell more goods here if their goods were cheaper priced. Now Britain is able to provide the service of transportation cheaper than Canada can provide it, and perhaps cheaper than a great many other countries can provide it. But the moment she begins to take advantage of that position, we begin to develop means to prevent her from exchanging those services for the goods she buys from us. It seems to me that we are being most unrealistic if we think that we can sell our goods to other countries and at the same time refuse to take from them the only goods and services which they can give in exchange.

All of these things should have been brought out and should be well understood by the members of the house before we are asked to make a decision on a bill of this

kind. I say again that I never oppose a measure here if I can, with good judgment, support it. It does not make any difference whether that measure is brought before the house by the government or by some party in the opposition. As a matter of fact, I think the whole party follows that policy. We always try to support a measure on its merits. It is for that reason that I say that the Minister of Transport has put the members of the opposition in a difficult position or at least those from port cities and representing constituencies such as the one I represent.

I do not think there is anything more I need to say at this stage. I may want some information when we are dealing with the various clauses.

Mr. Gillis: I think the hon. member for Vancouver East has stated the case fairly well. I also am interested in this particular bill because I too come from a part of the country in which there are a great many ports. At this particular time, when everyone is in a rush to get away, I cannot understand either why the Minister of Transport brings in a matter as contentious as this one. The hon. member for Vancouver East suggested the only two reasons why this measure could be supported, namely, for security and to provide faster vessels. While the minister takes the position that we could discuss this matter when the proper item is before the committee, in my opinion we cannot divorce this question from the general question of shipping.

The situation in Canada today certainly does not warrant the building of ships unless we are going to use them. I think perhaps every member of the house is receiving correspondence from reliable people who are engaged in this industry; for example, from the naval association of Canada. Many of the officers and men who served in the navy during the war went over into the merchant marine. Shipping in Canada today is at the point where our ships are being tied up from port to port. I have on my desk a letter and a resolution dated November 29. In that letter and resolution, a copy of which was sent to the government, it was pointed out that at the present time in the city of Halifax fifteen deep-sea ships are tied up because of the lack of cargo. That resolution sets out that the ships that are now engaged in that business are being tied up from port to port because of lack of cargo. The reason they cannot get cargo is that they cannot compete with the ships that were bought by Canadian companies, sold to foreign countries and are now actually operating from Canadian ports in direct competition with Canadian shipping.

One example that is set out in the correspondence is that of one company which was offered a raw-sugar cargo to Cuba at twenty-five cents a hundred pounds. They could not take it. They said that it cost them twenty-eight cents to load it and unload it without hauling it at all. They therefore had to turn the offer down. A Swedish company takes that cargo and displaces Canadian shipping. When that 50,000 tons of iron ore was to come in to Montreal from Sweden, the Swedish government took the position that it was to be hauled by Swedish bottoms only. According to this correspondence, foreign shipping is replacing coastwise shipping in Canada. On another occasion, at the last session, I had the argument with the minister that foreign ships were doing that. He told me at the time that they were not permitted to do port-to-port trade in Canada, with the exception of British ships.

According to the correspondence from that reliable organization representing that trade, foreign ships, actually flying foreign flags, are doing port-to-port trade along the Canadian coast and displacing our own ships. We had better make up our minds whether we have a shipbuilding policy or not. Other countries are protecting their own bottoms by a proviso, as the Swedish government did with that 50,000 tons of iron ore, that it would have to be carried by Swedish bottoms. If we are to provide a subsidy for shipbuilding we have to make up our minds whether we are going to use the merchant marine, or use the boats, once they are built. Actually what the resolution that I have is asking at the present time is that the government subsidize the present industry so that boats now tied up in harbours may be able to continue to operate. We have to face up to the question as to what we are going to do with regard to competition.

A lot could be said on this question. I appreciate the minister's position in wishing to lay it over, but it is tied up with shipping. I see that the senior hon. member for Halifax is back in his seat. I was pointing out that in correspondence that I have, on the 29th of last month fifteen ocean-going ships were tied up in the port of Halifax owing to lack of cargo.

Mr. Isnor: I had already brought that to the attention of the minister.

Mr. Gillis: I did not hear the hon. member mention the number of ships. The hon. member for Vancouver East read some clippings into the record showing that fifteen

ships were actually tied up in the port of Halifax. According to the correspondence they expect more to be tied up. That situation is developing all the time. What I want to find out is: if we are to subsidize shipbuilding in Canada, are we going to use the boats after they are built? If we are, then we have to get down to business and formulate some kind of policy to protect that industry.

I agree with the hon. member for Vancouver East that this whole question requires more study. I believe it is an item that is contentious. It is important that it should lie over and be put in the hands of a competent committee to study the thing and work out some policy with the maritime commission. Very definitely the sections of the report read by the hon. member for Vancouver East suggest that other than introducing a subsidized shipbuilding policy something has to be done with regard to protecting the industry we now have that is lying idle. I believe it should lie over and be given more careful consideration than we are able to give it at the present time.

Mr. Church: Mr. Chairman, I wish to make a few constructive suggestions to the minister in connection with national shipbuilding. We are supposed to be the fifth nation in export trade. I believe that this is a national problem because in the past water-borne traffic has never had the support of this House of Commons that rail transport has. The country has spent hundreds of millions of dollars under private ownership and public ownership of rail transport. I support the national part of this work and believe that it is correct because we are the fifth trading nation of the world.

With regard to the encouragement, construction and conversion of vessels in Canada, we are back to where we were between the two wars. When the Petersen contract was before the house I took part in the debate. That was a contract having to do with ocean, maritime and great lakes rates. In connection with that contract the advantage which this country could get by a national system of construction and conversion of ships was referred to. It will be noted that the powers of the maritime commission have been enlarged. A committee composed of officials of the government are now working out a plan. The minister announced the other day when he referred to the *Noronic* that a committee composed of government officials was working at the present moment on enlarging the powers of the maritime commission to include the great inland waterways of Canada and the great lakes.

We are the fifth trading nation of the world, and our export trade very largely depends on shipping. Today shipping is a national question. A vessel was first defined as any ship that was not propelled by oars. That is the definition that was in the shipping act not many years ago, and it was re-inserted in the shipping act of 1934. The shipping act of two years ago went through the House of Commons after a very few hours' discussion. It broadened the powers, functions and duties of the Canadian maritime commission, and also dealt with some features of the present system of assistance. The present bill, which is to encourage the construction and conversion of vessels in Canada, is a forward step; it is a step in the right direction.

I just wish to call the committee's attention to one or two facts about it. I was chairman and harbour commissioner for nearly thirty years in the city of Toronto. In that city we have not a dry dock, all the way to Kingston, the nearest one. Boats like the *Cayuga* and *Kingston* have to leave Toronto to go into dry dock. I believe these ships were built at the foot of Bathurst street. They were very big ships for that time. Their sister ships the *Corona* and the *Chippawa* were also built at the foot of Bathurst street. I was chairman of the harbour commission for some years and commissioner for twenty-seven years. At a cost of $120 million the Canadian government erected the Welland ship channel from Port Weller to Port Colborne on lake Erie. I call the committee's attention to the fact that we have not a dry dock on the whole course of the great lakes. There is not a single dry dock, and the *Cayuga* and the *Kingston* have to go to Kingston to go into dry dock. There is no dry dock that I know of along the chain of the lakes. A magnificent ship was launched the other day at Collingwood, namely, the *Coverdale*. Mr. Coverdale was a great Canadian, born in Kingston, a former president of the Canada Steamship Lines.

Hon. members will recall that we used to have a type of ship sailing the great lakes which was of the old whaleback construction. They used to sail the great lakes and also go down to the maritimes and along the United States seaboard years ago. These ships are now taken off the lakes altogether. I do not know of any of them at the present time. As I mentioned, we have spent vast sums of money on the canal system, on the St. Lawrence and on other matters. I notice that the minister has changed the definition of conversion in the assistance given to present vessel owners, and exempts it from certain features of the Income Tax Act.

Deduction is permitted for income tax purposes. Then it goes on to deal with deductions in respect of conversion costs. I think it would be a good thing if the minister had a Canadian shipping list. We used to have one a few years ago. On that list were the name of the vessel, the year of construction, the ownership, the type, the year launched and its registration. All those points were listed, within the provisions of the shipping law of this country. In my view it would be a good thing to have that republished.

Then this bill goes on to deal with other matters. It deals with a deduction in respect of conversion costs, where there is a major alteration. Proclamation is to be made by the governor in council so that an allowance of 33⅓ per cent of the conversion cost is made. Then are set out certain exemptions regarding income tax, taking the matter out of the income tax law. An allowance is made for special depreciation, or extra depreciation. Then it goes on to speak about vessels concerning which allowances have been made in connection with the matter of disposal. This is to be determined by the Canadian maritime commission.

So that in reality this bill widens the powers of the Canadian maritime commission. I believe those powers should be applied to other parts of the country which are helping pay for the cost of this work. This is a national question. I have said that railway transportation has been treated differently. Hundreds of millions of dollars have been spent on railway transportation, and this has had a direct effect on rates—and I am thinking of the rates on coal from the maritime provinces. When it has to compete with rail transportation, water-borne traffic is assisted to that extent. This should be looked upon as a national question.

Mr. Macdonnell (Greenwood): I should like to say a word and to ask a question of the minister. First I should like to follow up the point made by the hon. member for Vancouver-Quadra. The hon. member asked the minister if this bill is the answer to the report of the maritime commission, and I understood the minister to say that it is not. I assume he meant that it is not a complete answer and I was glad to hear him say that, because it does not seem to be complete, or anything like complete.

I should like to read a few sentences from the report of the maritime commission—and I shall not take long, Mr. Chairman—which I believe will make it clear that this bill is no answer. And it is in that connection I wish to ask my question. Turning first to page 50 of the report we find this:

> Freight rates have declined by an average of almost 20 per cent since January, 1948, and Canadian owners are now operating on a very narrow margin if they are not suffering actual losses.

And again at page 53:

> If it is considered advisable to maintain the shipping and shipbuilding industries in Canada it is clear that they will require government aid. Neither the manner nor the extent of such aid is properly the subject matter of discussion in this report, but it should be pointed out that no amount of government assistance will effectively aid the shipping industry unless a solution is found in respect of its currency difficulties and unless its labour problems are resolved.

And I quote briefly from the next paragraph to make clear what is referred to by the use of the words "currency difficulties":

> Cargoes are frequently offered with freights payable in sterling or other non-dollar currencies, thus excluding Canadian vessels from participation. Foreign importers are induced by their own governments in various ways such as currency restrictions to use their own national shipping. In various trades Canadian vessels are excluded by the operation of regulations providing for the carriage of cargoes by either United States vessels or vessels of recipient countries under the Marshall plan.

I wish to make one comment and ask one question. No one can fail to sympathize with the minister in the difficult problem he faces, and I am not ready with any ready-made solution this afternoon. However, I do wish to ask this: How far is this bill, which provides what we might call accelerated or generous depreciation, to be considered as even the beginning of a solution, if in fact there are no operating profits now? The report of the commission seems to go almost to the point of saying that the industry is unprofitable. I do suggest that if the minister comes along with a bill which is beneficial only if there are profits, then it is really offering a stone where bread is wanted.

Mr. Chevrier: Perhaps I should reply not only to the hon. member for Greenwood but also to some other hon. members who have spoken in this debate. The best way to sum up what has been said is to state that apparently in the opposition parties there are two views, the first of which is that this bill does not go nearly far enough, does not meet the position and does not even begin to face at the problem. That is the attitude of the hon. member for Vancouver-Quadra, although he states that he does support the bill so far as it goes.

Then there is the view held by hon. members of the C.C.F. that this bill should not be approved because, in the words of the hon. member for Vancouver East, he cannot make

up his mind whether he is for it or against it because he has not enough information to come to a conclusion. It is his view that the bill should be sent to a committee so that it might be fully considered, fully understood and fully discussed. In answer to those two points of view let me say, first of all, that this bill deals with one thing, and one thing only, and that is assistance to the shipbuilding industry. It does not pretend or purport to deal with shipping at all. Had it pretended to deal with shipping something would have been said concerning that point. There is nothing in the bill at all, however, which deals with that problem.

Why? I believe that during the consideration of my estimates, and in answer to questions raised by some hon. members, I stated clearly that so far as the shipping industry was concerned the position was a most difficult one—and I gave a number of reasons why it was difficult. At the expense of annoying hon. members I might repeat what I said at that time, that the shipping situation was extremely difficult not only in Canada but throughout the world. Ships were being laid up, and laid up not only in Halifax. I believe someone said there were 23 ships laid up at that point. Let me say there are 1,600 ships laid up in the United States. Why? There are not the cargoes or the freights there were in the immediate post-war period. Freights are declining at a very fast rate. More than that, the announcement made some time in September in regard to devaluation has aggravated the position.

So that this bill, and anything I shall say at the moment, will not be concerned with the shipping industry. I will say, if it is of information to the house, that the position in so far as the shipping industry is concerned is still being considered by the government. Discussions have taken place with officials of the United Kingdom. The chairman of the maritime commission has been in London and has discussed the position, in so far as the shipping is concerned, with the British ministry of transport and other officials. Those discussions have continued in Ottawa. I hope it will be possible for the government to make a complete statement on that aspect of the question before the session ends. I wish I could go further than that, and I am sorry that I cannot. I think that should be enough for the house to understand that the only thing we are concerned with at the moment is assistance to the shipbuilding industry.

It is said by the opposition that the provisions will be of some help. I think they will be of great help to the shipbuilding industry, as I said in my introductory remarks, and will be of help particularly to coastal and inland shipbuilding, and also to the fishing industry. The hon. member for Greenwood asks how this is going to be of any use if there are no profits; there are profits in respect to inland and coastal vessels.

Mr. Macdonnell (Greenwood): Will the minister permit a question?

Mr. Chevrier: I should like to complete my statement. As I said earlier, the question of assistance to shipping is still under consideration, and I hope it will be possible to make a statement before the session is over.

Mr. Macdonnell (Greenwood): I appreciate that the minister has said the bill is designed to assist construction rather that the shipping industry. Nevertheless, I think he will agree that to make the act of any value there actually have to be earnings in the shipping industry in respect of those ships which will have been constructed.

Mr. Chevrier: I should like to continue by dealing with some of the statements made by the hon. member for Vancouver-Quadra. He took exception to the fact that the minister did not file the report of the commission within fifteen days after the commencement of the session of parliament. In the course of his statement he said it was a deliberate omission. There was no deliberateness on the part of the commission or on the part of the minister in not filing the report within the prescribed statutory period. If there is any blame to be assumed in connection with the fact that the report was not filed within the fifteen-day period, the minister must of necessity take that blame. The only reason and the only excuse I can give is that the moment the report was completed the printing bureau was asked to print it so that it could be tabled, and the printers replied that, because of the tremendous amount of work they had, they could not possibly do so within the time required. That is not an extraordinary feature in these days when the printing bureau is laden with all sorts of work. I think I can point to the fact that the national harbours board report has not been tabled within the fifteen-day period for the very same reason. Has any objection been taken to that? Just as soon as the maritime commission report was returned from the printing bureau it was tabled, and there was no deliberateness on the part of myself or anyone else—

Mr. Green: Why not table a typed copy?

Mr. Chevrier: —in not tabling it earlier.

Mr. Green: Why could a typed copy not have been tabled?

Mr. Chevrier: I suppose a typed copy could have been tabled, but the practice is to ask the printing bureau to print the report, as in the case of all other agencies under the jurisdiction of the Department of Transport that are required to do the same thing. There are a number of other things to which my hon. friend referred. He said that there was no policy on the part of the government in so far as shipbuilding and shipping are concerned. As I said a moment ago, I am not going to deal with shipping. I hope it will be possible to deal with it at a later date. I want to challenge the statement of the hon. member for Vancouver-Quadra that there is no policy so far as the shipbuilding industry is concerned. There is a very definite policy which has been stated from time to time, and which meets the recommendation of the maritime commission, of a nucleus for shipbuilding.

I think the report clearly states that as a nucleus the shipbuilding industry should have an average of 7,000 men employed each month in the shipbuilding and ship-repairing industry, and second, that $28 million per annum should be spent by way of new construction. I think I announced not so long ago that within the last two years there had been $51 million committed for government orders alone, in Canadian yards, for building, conversion or repairs. There were employed in those Canadian yards at the end of October, I believe—I am just quoting from memory—some 8,823 men in both the shipbuilding and ship-repairing industries. Over and above the $51 million to which I have referred, $17,246,000 had been committed for shipbuilding and ship-repairing in a period of two years on account of domestic and foreign orders. For all orders these moneys total roughly $70 million in the last two years. That is going away beyond the recommendation contained in the report of the maritime commission.

Moreover, the maritime commission is charged with the co-ordination of government building for all departments and, as is stated in the report, it is in a position to plan government shipbuilding to be performed and carried out in Canada, in order to preserve a nucleus as recommended by the commission. The hon. member for Vancouver-Quadra made a considerable number of remarks dealing with the shipping industry which I do not propose to review. There is one exceedingly important feature in connection with the whole matter which was discussed by the senior member for Halifax, and I think also by other members. These members suggested that the coastal or inland shipping trade should be restricted to Canadian vessels only. I believe it was the hon. member for Cape Breton South who made the statement that this trade was being impinged upon by vessels of foreign flags. I do not want to make a statement at this time concerning this matter. I am not in a position to say at this time whether or not the coastal laws of the country should be amended. In fact, if that were so, it would be necessary, as the house knows, to amend the commonwealth shipping agreement. In order to do that it would be necessary to hold discussions with the other commonwealth countries and, as the senior member for Halifax stated, notice of one year would have to be given. In the discussions I mentioned a moment ago, now taking place between the chairman of the maritime commission and the British authorities, this is another matter that has come up; and I think it would be inappropriate for me at this time to make any statement that might prejudice those discussions.

In reply to the hon. member for Cape Breton South, who is not now in his seat, I must say that under the Canada Shipping Act a ship which is not British may not transport goods and passengers from one place in Canada to another place in Canada, either directly or by way of a foreign port. Furthermore, even a foreign-built British ship cannot do that unless it pays a duty of 25 per cent of its value and is thereupon licensed to engage in coastal trade. Subject to that statement, every ship that engages in our coastal trade must be built, registered and owned in some part of the commonwealth. Because of that regulation it becomes almost prohibitive for a foreign-built British ship to operate in the coastal waters of Canada.

Someone asked how this would affect the replacement plan, and suggested that this legislation was in direct opposition to what is being done under that plan. My answer is that what was done under the replacement plan was excellent. The money collected amounted to over $26 million. When we received those funds, which were placed in escrow, we collected upward of $9 million by way of payment of mortgages on the Park vessels which had been sold by war assets and Park steamships to Canadian owners. The balance of these moneys, some $14 million, remains in the escrow fund for building in Canada. So surely no one can attack the replacement plan or replacement fund at least as far as this bill is concerned, because all the money remains here for construction in our own yards. Someone suggested, too, that this might be throwing good money after bad. This is not throwing good money away at all; the government is not losing anything. This simply accelerates the depreciation on

ships and assists the owner to amortize the expenditure in connection with new construction.

I think perhaps that is all I care to say at this juncture. My own feeling, the feeling of the government and I am sure the feeling of the vast majority of hon. members, is that this is an excellent bill. To some hon. members it does not go far enough. If you are dealing with the shipping end, then I am afraid I cannot disagree with that contention. As far as shipbuilding goes, however, I do not see how we could have gone much further than we are going, in allowing the owner of a ship to write off new construction in three years, or to write off conversion costs in three years, as this bill does. So I am sure it will commend itself to hon. members.

Mr. Stuart (Charlotte): Might I ask the minister if all boats engaged in the fishing industry will come under this regulation, or if there is some restriction as to size.

Mr. Chevrier: The ships covered by this bill are those mentioned in the Canada Shipping Act, which defines a vessel as follows:

"Vessel" includes any ship or boat or any other description of vessel used or designed to be used in navigation.

So the answer to my hon. friend's question would be yes.

Mr. Drew: There is one feature of the explanation given by the minister that it seems to me might well create some misunderstanding as to the purpose of this bill. Its purpose is to carry out certain of the recommendations of the maritime commission, at least as far as assistance to the shipbuilding industry is concerned. While they do not presume to say how it shall be done, from the remarks of the minister it is obvious that the reason for this is to be found in the report itself, to which he referred with respect to certain details.

It is not possible to separate shipbuilding and shipping in the way the minister suggests. That is made perfectly clear at page 48 of this excellent report, which sums up the situation. According to the report, from a wartime high employment in the shipbuilding industry of 75,000 we have now come down to approximately 11,400, as of March 31 of this year, and the minister has told us this has further fallen to 8,300 as of the end of October. In reviewing the situation with respect to employment the report says at page 48:

For the purpose of this report it may therefore be assumed that in the future 3,500 men can be maintained in the shipyards on repairs and conversions alone. The remaining 3,500 men employed on new construction . . .

That clearly indicates that the discussion now taking place in relation to this bill has to do with a situation in which we may expect 3,500 men to be employed in shipbuilding and 3,500 in repairs and conversions. If we accept that statement, then shipping is very closely related to shipbuilding, because without active shipping we would not have the repairs and conversions; in any event the two are associated. There is no use building ships if those ships are not to be used for shipping, so the whole subject before us relates to the over-all policy of the government based upon the information contained in this report.

Whether this bill will achieve what is hoped, only time can tell. It is difficult for us even to know whether this is the best type of assistance that can be given, without having a more clearly stated declaration of policy by the government in relation to this report. I do think that on this occasion it is important to emphasize what has been the effect of withholding this report. I am not going to engage in any discussion as to why the report was delayed or otherwise, but it was presented to the minister on June 30. Under the act, it should have been tabled by the end of September. The report did not come to the house until November 24, at a time when we are sitting from eleven o'clock in the morning until eleven o'clock at night. Naturally, it was not possible for the members to devote the attention they would have otherwise devoted to this comprehensive review of the situation in regard to shipbuilding today, the history that has preceded that, and what this commission foresees in the future.

Mr. Chevrier: Will my hon. friend permit a question?

Mr. Drew: Yes, surely.

Mr. Chevrier: Will he tell me, if he can, how the delay in the filing of this report has had one iota of effect upon the bill which is now before the house, and the advantage which shipowners will derive from this bill.

Mr. Drew: Earlier today we saw an excellent example of what can be done by the proposals put forward by private members, in regard to things that are for the advantage of the people of Canada. If this report had been tabled at the beginning of the session, with the extremely comprehensive survey of the shipbuilding industry and shipping which it covers, it might well be that this industry, which is today in so precarious a position both from a shipbuilding point of view and shipping, might have had the advantage of practical suggestions that would have implemented certain of the findings in this report.

Mr. Chevrier: I do not want to labour the point, but if my hon. friend can point to any harm that has been done to the shipbuilders, because of the late filing of this report, I would appreciate his telling me.

Mr. Drew: The report makes it quite clear that this industry is in a precarious position. Every day's delay in introducing whatever measures of assistance might have helped the industry has been injuring the industry, whether it be shipbuilding or the shipping that is the result of shipbuilding. The fact is that if this report had been tabled, there might have been practical suggestions. Since we hope that the discussions which are introduced in the various debates which take place during the sittings of this house are helpful, it might have been possible to have practical suggestions made at an earlier date.

I am not going to labour the point at all. I do say that the delay in tabling this report has denied to the members of the house an opportunity they would have otherwise had, of considering an extremely valuable report during this session. It is true there will be an opportunity of discussing the details of the report during the next session, but the procedure that has been followed has successfully prevented any adequate discussion of it during this session. It is obvious from the differentiation that is drawn between shipbuilding and shipping, that it is not now possible to discuss, in the detail which this report deserves, the plight of an industry which is of immense concern to every Canadian, from a security point of view, at this particular time.

So far as this bill is concerned, I would say that the observations of the member for Greenwood are very much in point. The advantage or otherwise of the bill will depend upon whether this industry can earn profits. That does not mean that the bill might not be of some help. My reason for raising the question at this time is that the delay in tabling the report denied the members an opportunity of considering it. This might have resulted in suggestions which might have been of benefit to this industry.

Mr. Green: During my remarks, I referred to the number and tonnage of Canadian ocean-going vessels of 1,000 tons or over, as appearing on page 18 of the report. Can the minister give us those figures up to October 31, 1949?

Will he also ascertain how many deep-sea cargo vessels, built in Canada for war purposes, are now under Canadian registry? How many merchant seamen are serving on the vessels in operation? A reply I received on October 15 indicated that at that time there were 118 vessels, 18 of which were not in operation, and approximately 4,100 merchant navy men were still serving. I should like to have those figures brought up to date.

Mr. Chevrier: There is no change in that reply, except that there should be added the 58 vessels which are in the United Kingdom. Those will be returned in 1950.

Mr. Green: No more ships have been laid up?

Mr. Chevrier: I do not know what the date of that report was.

Mr. Green: October 15.

Mr. Chevrier: I think some ships have been laid up since then. At this time, the total number of ships laid up is 26.

I am afraid, Mr. Chairman, I am not able to give the figures my hon. friend requested earlier. If I gave them now, it would only be a guess. Perhaps I can get that information for him when we are considering the estimates of the Department of Transport.

Mr. Green: Will the minister say whether any progress has been made in the construction of faster cargo vessels for Canada? He said that approximately $26 million had been put in escrow when it was received from the sale of slow ships. It would be interesting to know how much of that had been spent for new, faster cargo vessels.

Mr. Chevrier: In so far as deep-sea vessels are concerned, none of that amount has been spent. In so far as coastal and inland vessels are concerned, I do not know the exact amount, but a substantial amount of the escrow fund has been spent for that purpose.

Mr. Green: Have we any faster cargo vessels?

Mr. Chevrier: No.

Mr. Green: We have been told that the Canadian merchant marine have none at the moment. Is that correct?

Mr. Chevrier: None other than the three diesel vessels, owned by Canadian National Steamships, to which reference was made a moment ago.

Section agreed to.

The Deputy Chairman: Now that we are about to consider the other sections of the bill, may I remind hon. members of standing order 58, section 2, which reads as follows:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

I hope that all hon. members will adhere to this rule.

On section 2—*Definitions.*

Mr. Green: Is this help limited in any way to ocean-going vessels or is it available to any ship?

Mr. Chevrier: It is available to any type of ship.

Mr. Green: Can any help be given to companies owning foreign ships?

Mr. Chevrier: What does my hon. friend mean by "foreign ship"?

Mr. Green: Section 2(c) reads as follows:

"conversion or major alteration" means a conversion or major alteration made in Canada by a taxpayer in accordance with plans approved in writing by the Canadian Maritime Commission for the purpose of this act;

Mr. Chevrier: Oh, yes, but the ship must be a ship of Canadian registry or a ship of British registry. Section 3, subsection 2, refers to a ship registered in Canada. If it is a ship of Greek, Panamanian, Italian, French or other foreign registry, it is not covered by the section.

Section agreed to.

On section 3—*Deduction in respect of capital cost of vessels for purposes of the Income Tax Act.*

Mr. Isnor: That is a rather important point. I am going to put the same question in a slightly different way. If a purchaser, a Canadian, bought from the United States one, two or three ships, to bring them in here for a certain purpose, and carried on these necessary alterations or reconversion, would that come within the scope of the act?

Mr. Chevrier: Yes, if he had paid duty and registered his ship in Canada.

Mr. MacInnis: Will the minister explain how this depreciation works? The point I have in mind is this. Is there a possibility that a person building a ship and getting this depreciation might later dispose of the ship after he had benefited by the depreciation?

Mr. Chevrier: Yes; he can dispose of the ship but he cannot do so without paying income tax on the amount already depreciated. Perhaps I could explain that by way of an example.

Mr. MacInnis: Yes.

Mr. Chevrier: Section 3 (1) covers the case of new construction. Assume that the ship costs $1 million and the plans and specifications are approved by the maritime commission. That owner may write off the ship at the rate of 33⅓ per cent each year. In other words, in the first year he may, if he wishes, write off $333,333. He might write off less, but he may write off an amount not to exceed 33⅓ per cent or, if my hon. friend looks at paragraph (b) of section 3 (1), the undepreciated capital cost to him of the vessel at the end of the taxation year. In other words, if he should write off 33⅓ per cent in the first year and 33⅓ per cent in the second year, he has then written off $666,666. If in the third year he decides to write off $200,000, he has then written off $866,666. In the fourth year all he may write off is the remaining $133,133. Is that clear to my hon. friend?

Mr. MacInnis: Yes. But suppose that at the end of the third year he decides to sell the ship, how can this depreciation be recovered?

Mr. Chevrier: That is covered by section 4; when we get to it, perhaps I can deal with it.

Mr. Gibson (Comox-Alberni): The senior member for Halifax brought up a point on the general discussion. Is 33⅓ per cent the maximum amount that can be written off? If in the first year the shipowner made only 15 per cent on his investment, that is necessarily all he could write off in that year. In the second year would he be entitled to write off 33⅓ per cent plus the sixteen some per cent?

Mr. Chevrier: He need not write off anything but he may take from nothing up to 33⅓ per cent. He cannot, of course, write off more than the total amount of the cost of the ship.

Mr. Gibson (Comox-Alberni): What he did not write off this year he cannot carry forward and add to the 33⅓ per cent next year. How long is he going to have it? Is he going to have this special depreciation, under this section, until he writes off the total value?

Mr. Chevrier: Yes.

Mr. Gibson (Comox-Alberni): For instance, if it took seven or eight years to write that off against the profits?

Mr. Chevrier: That is right.

Mr. Green: In this section power is taken to fix by proclamation the date from which construction will get the advantage of this provision. Will that date be of necessity a date in the future or is there any intention to set it back before the date of the passing of the act?

Mr. Chevrier: I hope it will be a date in the past; first, because this legislation was announced in the speech from the throne.

Mr. Green: In two speeches from the throne.

Mr. Chevrier: Quite. My hon. friend is right. Then again, because of the additional fact, I presume, that shipowners, seeing the announcement of this legislation, proceeded to build and expected to reap the benefit of the depreciation which this bill would give them. If it is construction that dates back

for years, of course that is just out of the question. How far back we will want to go I am not in a position to say at this time; but I would think it should be retroactive to some reasonable, fair and just date.

Mr. Green: In the case of the conversion of a ship, the person asking for the benefit must get the approval of the Canadian maritime commission to that conversion. Otherwise he does not get any benefit under this act. But apparently there is no such restriction in the case of new construction. In other words, the Canadian maritime commission has no voice whatever in what new construction is to benefit from the act. Is that correct?

Mr. Chevrier: Yes. That is the case.

Mr. Green: Why is there that difference in the way these two separate kinds of work are treated?

Mr. Chevrier: I am informed that the reason for that is that the commission wants to be sure that the amount spent in the conversion costs is reasonable, fair and equitable.

Mr. Green: What sort of conversion does the bill contemplate? For example, is it the thought that slow ships could be converted into fast ships? That seems to me to be an expensive process, and I do not think that could be done. Can the minister give us some idea of the type of conversion he has in mind?

Mr. Chevrier: It is conversion of a substantial nature, where the costs would be fairly high. It would envisage the case of the conversion of a 10,000-ton cargo vessel to a fast, modern and up-to-date cargo ship.

Mr. Green: Is that feasible?

Mr. Chevrier: Whether or not that is feasible technically, I am not in a position to say. But it would envisage that; if that were possible from an engineering standpoint, it would be covered by this section.

Mr. MacInnis: The point was raised by the hon. member for Vancouver-Quadra that there was no approval by the Canadian maritime commission for new vessels. Is that not quite a wide allowance for the ship company, in that they can build whatever sort of ship they wish, whether it is suitable for Canadian trade or not? I imagine that the purpose of this bill is to have vessels built that will be of value to Canada. It rests solely with the shipowner whether or not he is going to build that sort of vessel. But whether or not the vessel is useful to Canada, he can get the depreciation on it.

Mr. Chevrier: I do not think that is an extraordinary provision. After all, if an owner wants to build a new ship, he is not going to spend a tremendous amount of money on it foolishly. If he decides to spend $1 million, $5 million or $6 million on a tanker or on a fast cargo vessel, he will go into it with his eyes open, I think, and after he has had plans and specifications prepared by competent naval architects. What I say now, however, does not apply to the escrow fund or the replacement fund. Perhaps my hon. friend was not in the house when I replied to some of his remarks in connection with the amounts of money that had been collected under the replacement fund. In so far as that money is concerned—and there is some $26 million—the plans for rebuilding in Canada will of course have to be approved by the Canadian maritime commission. That is already in the contract between the owner and the commission, providing for the payment in escrow.

Mr. Green: Would this provision apply to the man who builds a $100,000 pleasure craft?

Mr. Chevrier: No; it would not apply for the reason that he does not earn anything with the craft. It is a pleasure craft. I am informed by the tax expert that he would be entitled to no depreciation.

Mr. Green: Is the minister sure of that, because I am doubtful whether there is that restriction. The wording is so wide that it simply refers to a taxpayer, and this taxpayer may have something to do with the shipping business, at least enough to get him under the blanket of the section. The minister may very well find that somebody will decide to build a $100,000 boat or perhaps a $500,000 boat and then come along and claim this accelerated depreciation. It may be that that is not the intention of the bill, but we should know whether or not it can be done.

Mr. Chevrier: Mr. Chairman, I am not a tax expert. This is a bill having to do with income tax, and I have to take the advice of those who know the position. The advice and the information I have is that there is no write-off or depreciation in the case of a pleasure craft any more than there would be on your own home. Furthermore, there is no point in claiming or getting depreciation if there is no profit. That is the whole purpose of the bill.

Mr. Isnor: I have one more question. Ten or twelve ships are tied up in the port of Halifax at the present time. In regard to our Park ships there is a special depreciation of 12 per cent. Would these ships be allowed 12 per cent of their total value at the present time and in addition 33⅓ per cent of their conversion expenditure?

Mr. Macdonnell (Greenwood): They would eat it up pretty quickly at that rate; it would soon be a hundred per cent.

Mr. Chevrier: I am informed that the 12 per cent to which my hon. friend refers is covered by the ordinary normal law of income tax, and that in so far as the additional conversion costs are concerned they would be covered by this bill.

Mr. Isnor: Then the answer to my question would be yes.

Mr. Chevrier: In addition to the 12 per cent he has already claimed he may get this 33⅓ per cent, but that is on the conversion costs only. In other words, he would not be able to write off more than the conversion costs.

Section agreed to.

On section 4—*The Income Tax Act not applicable in certain cases.*

Mr. Green: Is the commission still in control of the replacement fund, or will the company which has money in escrow in the replacement fund be able to take that money out and spend it for constructing a new vessel without being subject to the approval of the commission?

Mr. Chevrier: It must be approved by the commission. In answer to the first part of the question, the commission is still in control of the replacement fund, and to receive the benefits of this bill an owner must spend escrow money on replacement or rebuilding in Canadian yards.

Section agreed to.

Section 5 agreed to.

On section 6—*Governor in council may exclude vessels.*

Mr. Green: What is the purpose of clause 6? Can the minister tell us what types of vessels are being excluded from the operation of the act?

Mr. Chevrier: Well, I have not anything in mind at the moment except to say that in the Canada Shipping Act the definition of vessel is pretty broad and pretty wide. It may be that the governor in council may want to exclude from the operation of this act any class of vessel that might be thought necessary. I do not know of any at the moment or I cannot anticipate any, but it is put in as a precaution.

Section agreed to.

Section 7 agreed to.

[Mr. Isnor.]

On section 8—*Coming into force.*

Mr. Green: In my earlier remarks I mentioned a provision for a report to parliament. Why is there not some section in the bill which provides that there must be a report of the operations under this act?

Mr. Chevrier: For the same reason that it is not done in the reports of ordinary individuals for income tax purposes. I understand that it is not the custom of the income tax division of national revenue to give reports of this kind to parliament. In fact the minister refuses from time to time to bring them down. For that very reason I think it would not be appropriate to do it under this bill.

Mr. Green: There never will be any way of finding out who gets the benefits of this act or in what amounts?

Mr. Chevrier: There will be provision for giving hon. members information concerning the total amount of depreciation which has been granted, but not individuals.

Section agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. MacInnis: By leave of the house.

Mr. Chevrier moved the third reading of the bill.

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

INCOME TAX

INCOME TAX ACT AND INCOME WAR TAX ACT AMENDMENTS

Hon. Douglas Abbott (Minister of Finance) moved the second reading of Bill No. 176, to amend the Income Tax Act and the Income War Tax Act.

He said: Perhaps I might say just a word in explanation of the seeming length of this bill. The house will recall that last year we undertook a major revision of the Income Tax Act, and that it applied for the first time on January 1, 1949. As was inevitable in a major undertaking of that kind, it was found that there were a good many, I will not say drafting errors but places in which drafting improvement could be made, which accounts for a very considerable number of the amendments in the bill which is now before the house.

In a good many instances the technique in making these amendments is to repeal the whole subsection and re-enact it, a procedure which also makes for a bit of length. Then of course in addition there are a number of clauses which are necessary because of the entry of Newfoundland into confederation. These two groups, technical drafting amendments, and amendments caused as a result of the entry of Newfoundland, and the amendments made necessary by the budget resolutions of this year, represent the sections of the bill which is now before the house, and account in some measure for what might seem to be a longer bill than one would expect.

Mr. Solon E. Low (Peace River): Mr. Speaker, I should like to take only a moment or two to say something about the principles involved in the income tax bill before us. I presume I would not be out of order if I were to discuss briefly one or two important points concerning the whole taxation policy as it is involved in the Income Tax Act.

One matter I wish to mention particularly has to do with the taxation of corporations, a principle involved in the bill itself. I shall illustrate what I have to say now, and what I have so often claimed in the house, that government taxation, particularly income taxation, nearly always pyramids in supercosts. This group has consistently brought that matter to the attention of the house, but with to date very little effect.

A short time ago, hon. members will recall, the Bell Telephone Company announced their intention to apply for an increase in rates, or more correctly for the right to boost their rates to subscribers. During November that company sent out in their magazine, *Telephone News*, some information which is at once revealing and disturbing. The company state in the magazine that they require to increase their income by $23,900,000 to meet their increased operating expenses of $14 million. I emphasize that: They say they require to increase their income by boosting their rates to subscribers to the extent of $23,900,000, merely to be able to meet increased operating costs of $14 million. This is a difference of nearly $10 million they require to meet government taxation. The words they use are these "in order to meet the additional taxes that would result from the increase".

A friend of mine saw the magazine and drew it to my attention. At the same time he wrote to the Bell Telephone Company stating that he had no objection whatever to meeting his legitimate share of whatever increase in rates there might be to help the company meet their increased costs. I suppose he was as anxious as we are to see that companies like the Bell Telephone Company are kept in a good financial condition, and that they are solvent. But my friend and I, and I suppose a good many others, strongly object to having to pay almost as much in addition to the increase in rates necessary to keep the company solvent merely to place in the hands of the government another $10 million in taxation.

To my friend's letter the telephone company replied as follows on November 16:

> Your letter of November 10 regarding our proposed rate increase has been referred to me for reply.
>
> You are no doubt aware that taxes must be paid on all revenues received by the company, except such part as is required for operating expenses, reserves for depreciation, and interest on borrowed money. After these expenses have been met and taxes paid, the money left—and this amount only—can be used for the payment of dividends and to build up a surplus to meet future needs.

And this is the part I should like to emphasize:

> Therefore, in order to receive an additional $14 million in net income it is necessary for us to obtain an increase in revenues of approximately $24 million.

The paragraph I have just read is the crux of the whole devilish, if I may call it that, situation. I will go further and say that it is Canada's heavy taxation policy, and in many ways our foolish taxation policy, in which we find reasons for a good many of the burdensome increases in costs of the goods and services our people have to buy from day to day.

Where would one find anything quite as asinine as the example I have just cited? Just imagine! In order to be able to extract $14 million from their subscribers so as to meet their increased costs—and those increased costs are the result of inflated wages, salaries and costs of materials—the Bell Telephone Company has to grab another $10 million to give to the government.

The example I have just given points up the request a good many of us have made from time to time with respect to the whole income tax policy of this country. We have done so in the house on more than one occasion. I refer to the present need for a change in the Income Tax Act, particularly as it relates to corporations and dividends. The double taxation of corporation earnings has been protested in the house time and again. We now join in that protest, and we do it as strongly as we know how.

The minister should exempt corporate profits from income tax and make those same

profits taxable as dividends in the hands of the recipients or the shareholders. That is the only fair way to deal with the situation. The minister will argue that many corporations might beat the game by withholding much of their profits from distribution as dividends. Well, to prevent corporations from doing such a thing the government should provide taxation on undistributed profits and by this method encourage corporations to spend their profits by way of dividends. That, I suggest, would make it necessary for corporations to obtain new capital by the issue of treasury stock, which is, I suggest, the sensible way to finance.

With such a change as I have suggested in the income tax policy the government would relieve the Canadian consumer of a good many of the pyramided and inflated costs, such as we find in the case of the Bell Telephone rates.

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

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Section 1 agreed to.

On section 2—*Loan to shareholder.*

Mr. Abbott: Mr. Chairman, I have an amendment to this section which I shall ask one of my colleagues to move in a moment. It relates to the effective date of the section. The amendment to section 2, which I shall ask my colleague, the Minister of Public Works, to move, is as follows:

That subclause 2 of clause 2 of Bill 176 be deleted and the following substituted therefor:

"(2) The paragraph (c) repealed by subsection one is applicable to

(a) loans made before the fourteenth day of November, 1949, and

(b) loans made on or after that day to enable or assist the officer or servant to purchase, pursuant to an agreement entered into before that day, the shares held by a person who died in 1949 prior to that day;

and the paragraph (c) enacted by subsection one is applicable to other loans made on or after that day."

Mr. Fournier (Hull): I so move.

Mr. Abbott: By way of explanation, may I say that I think the 14th of November is the first day that the printed copy of the bill was available to members generally, although it was given formal first reading on the 10th of November. I think the other changes are self-explanatory.

Mr. Macdonnell (Greenwood): I wonder if we could have a copy of the amendment. In any event I am hoping, if I am successful in persuading the minister to what I hope to persuade him, that we will not need the amendment at all. I hope the minister is in a suggestible mood, and I hope I am in a persuasive mood because I want to point out to the minister that this change is going to defeat entirely the purpose—and I think it is a very worthy one—of the clause as it stands. I think the purpose was twofold. First of all it was to enable one or more partners or virtual partners in an enterprise to buy out the man who is the chief stock owner. Second, it was to enable the chief owner to cash in on his holding, and I am sure the minister will agree that is a most important aspect from the point of view of enabling the succession duty situation to be dealt with when it arises, thereby avoiding unnecessary liquidation of companies.

I understand the difficulty which the department has met, and it is a real one. Nevertheless I want to suggest to the minister that it is not necessary to destroy the effect of what I think is a very beneficial provision in order to meet the difficulty which has arisen. As I understand it, the difficulty is that the department has found, to my great regret, that people are attempting to abuse this by making loans which there is no intention to repay. In that way they hope to get the benefit without playing the game with this section. I urge on the minister very strongly that this was a most beneficial provision, and I think he will agree that as it is now it really makes the situation almost meaningless. All it means now is that the treasury stock of a company can be sold. It does not help the case of the large shareholder who was helped under the original situation. I suggest to the minister that it should be possible in some manner, as to which I am sure his skilled staff can advise, to prevent any abuse of the section.

One suggestion I make is that a time limit might be put on the repayment of such loans, and that terms of repayment should be insisted on. It may be that the minister's technicians can suggest better ways, but I do beg of him not to lightly destroy a provision which I think was a very beneficial one indeed before it has even got started, as I suggest he is doing by this amendment.

Mr. Abbott: As my hon. friend will appreciate, this privilege has only been open since the new act came into force last year. I am

sure he is familiar enough with these matters to realize that if a shareholder is permitted to borrow from the company to buy shares from, shall we say, a majority shareholder, it is a very easy way of enabling the company's surplus to be used to enable a junior partner to finance the purchase of these shares. I do not think that is desirable. We have had long discussions in the house and in committee on the alleged evils of section 126, and suggestions have been made that we should try to spell it out in a way that will prevent that. This is one way of spelling out a method by which it can be abused. I must confess I do not think it is particularly desirable that the assets of a corporation should be loaned to an individual in order to enable that individual to buy shares in the corporation from another shareholder.

Mr. Macdonnell (Greenwood): Was that not the very purpose for which the clause was passed? Was that not the purpose, and no other?

Mr. Abbott: The real intention for which the clause was passed was to enable loans to be made for employees and others to buy what is known as employee stock. The Bell Telephone Company and other companies have employee ownership campaigns, and it was considered desirable to enable companies of that kind to make temporary loans to their employees to enable them to purchase stock in the company, but it was never intended that permission should be given to contravene the well-known principle of company law that a company must not lend money to its shareholders, because that is the simplest way in which to dissipate the company's surplus.

Mr. Macdonnell (Greenwood): I appreciate that fully, and no one is more anxious to avoid that than I am. Nevertheless, I suggest to the minister that there is a method—and I have put it forward—of preventing this evasion of the act. Surely the minister will agree with the point I made that serious difficulties arise when a man has built up a business and is coming near to the end of his life; if he is not able to dispose of his shares, in all probability his death will wreck the whole business because there may have to be a liquidation, or at any rate it may very seriously impair it. Surely if the abuse can be provided against—then the very thing which I am describing and which frankly I thought was one of the main purposes of the section—the minister will agree the thing is most desirable. Surely the minister would at least be prepared to consider the further suggestion I have made as to whether this abuse cannot be prevented. I agree that the abuse should not be permitted. Furthermore, as the minister himself has pointed out, this section is just getting under way. Why is it necessary to take fright and cancel what seems to me to be the really beneficial effect of the section almost before it has had a chance to operate at all?

Mr. Abbott: That is the reason why the amendment is made at this time. I came to the conclusion it would be subject to such serious abuse that we could not leave it in these general terms. I agree that in the case of private companies very embarrassing situations can be created where the majority shareholder is getting on in years and the junior shareholders are anxious to acquire his interest, but there are other ways in which they can get the necessary capital to do that. They can borrow outside; they can borrow from banks or they can borrow elsewhere. I think it is very questionable whether as a general rule they should use the company's own funds in order to acquire those assets because that in effect amounts to a reduction of capital. There is probably no real security for the loan other than the shares of the company. I will consider the point raised by my hon. friend, but I am not prepared to go further at this time than to support the amendment which my colleague has proposed, and which will remove any possible retroactive effect of the proposed amendment.

Mr. Macdonnell (Greenwood): Would the minister not at least do this? Surely it is not asking much to ask the minister to consider with his staff the suggestion which I made. After all, it is my information that the apprehended abuse is that the loans will be made and just allowed to carry on, and not be repaid, and that in this way the intent of the act will be defeated. I am suggesting in good faith a means which prima facie seems to me a cure for that situation. Will the minister not agree to at least let the section stand until he and his colleagues have had a chance to look at that suggestion? That is not asking very much.

Mr. Abbott: I do not think I can let the section stand, Mr. Chairman, because it has been given pretty careful consideration by myself and my advisers already. This is not a hastily introduced amendment, by any means. However, I have listened carefully to the suggestions made by my hon. friend; I hope I shall be introducing another budget not too late in the coming year, probably within the next five or six months, and if it is found that some further improvement in this position can be brought about I shall be very glad to consider it. However, the section as it stands, as it was introduced last

year, offers such obvious opportunities for abuse that I am not prepared to let it remain as it is. That is the position. Perhaps it can be modified somewhat, but at the moment I cannot think of any amendment I would be prepared to accept on the spur of the moment.

As a result of the proposed amendment I am removing any retroactive effect. If anybody entered into a bona fide agreement between the time the new Income Tax Act was introduced last year and November 14 of this year, that agreement will be recognized. Between now and the next time we have occasion to consider this measure I shall give careful consideration, with my officials, to the suggestions my hon. friend has made, to see if there can be some further modification of the section to permit legitimate bona fide transactions.

Mr. Macdonnell (Greenwood): I do not want to be persistent, so this will be my last attempt. I do suggest to the minister that if this amendment goes through it is going to be very difficult for him to return in the spring and shift the thing back again. It was my hope that since we still have two or three days left the minister might agree to look at it now, before the door is banged, because it seems to me it will be harder to do later on.

Mr. Abbott: I can only reply that my hon. friend was good enough some days ago to indicate to me that he had some concern about the restrictive effect of this section, and I have been giving it some consideration since that time. I have not been able as yet to arrive at a conclusion that I can recommend by way of amendment, other than the one I have before the committee at the moment.

Amendment agreed to.

Section as amended agreed to.

On section 3.

Mr. Abbott: Here again I have a minor amendment. This section sought to minimize the adverse effects on stock dividends declared by non-resident corporations. A double test was set out in the section as to the corporations to which it should apply: first, shares which are listed on a recognized stock exchange; second, where more than fifty per cent of the share capital belongs to non-residents. I am now proposing that the requirement as to listing on a recognized stock exchange be eliminated, and that the ownership of the share capital be the only test. We have found in practice that there were some private companies to which similar considerations should apply, but whose shares were not listed on a stock exchange. So I would ask my colleague to move the following amendment:

That subclause one of clause three of bill 176 be deleted and the following substituted therefor:

"3 (1) Section nine of The Income Tax Act is amended by adding the following subsection thereto:

'(10) Notwithstanding subsection (9), subsections (1), (2) and (3) are not applicable where the corporation is a non-resident corporation, more than 50 per cent of the share capital of which (having full voting rights under all circumstances) belongs to non-residents'."

Mr. Fournier (Hull): I move accordingly.

Amendment agreed to.

Section as amended agreed to.

On section 4—*Deductions allowed.*

Mr. Abbott: There is a typographical error here, really a printing error, which must be corrected. In paragraph (4) the word "blank" should be "bank." I am afraid I shall have to ask a formal amendment for that. I must apologize to the committee for the numerous amendments; but this is a very technical bill. I purposely had it distributed some little time in advance of bringing it up for consideration in order to get as many suggestions as possible, and that has resulted in the necessity for some amendments which I think are improvements.

Mr. Fournier (Hull): I move that the word "blank" in line 12 of paragraph (4) of section 4 be deleted and the word "bank" substituted therefor.

Amendment agreed to.

Mr. Diefenbaker: Why is subsection (5) restricted to the expenses of railway telegraphers and station agents? What about the railway employees who have stopovers in the course of their duties?

Mr. Abbott: They are covered already under subsection (7) on page 4 of the bill. This was a group which apparently had been overlooked in the general consideration of railway employees.

Mr. Diefenbaker: I did not think subsection (7) covered them.

Mr. Abbott: I believe every group of railway employees whose duties require them to travel now are subject to the application of the same principle. That is my information.

Mr. Fleming: I am entirely in sympathy with the intent of subsection (7), but I do take exception to the draftsmanship. I do so with a certain degree of diffidence, but

at different points in this bill we find nouns used as adjectives, in violation of the rules of good English grammar. Here in lines 10 and 11 of subsection (7) we have a very bad example. That subsection reads:

. . . where a taxpayer was an employee of a person whose principal business was passenger, goods, or passenger and goods transport . . .

I believe that is thoroughly objectionable English. I do not know why it could not have been expressed in some such words as these: "whose principal business was the transport of passengers, goods, or passengers and goods." I do not propose now to discuss other sections but I could show that a good deal of this sort of bad grammar is contained in this bill. If I may point to one other example to which the same remark applies, over on page 12, line 46, we have the expression "taxation years", with the noun "taxation", used as an adjective. Again on page 35 of the bill, line 35, we have the words "corporation director."

Mr. Abbott: These expressions have been consecrated by long usage in these statutes.

Mr. Fleming: I do not like to see parliament consecrating bad grammar in statutory form. I do not believe you could find a worse example of the violation of well established rules of grammar than in the words I quoted from this very section, "whose principal business was passenger, goods, or passenger and goods transport." Surely it would be much clearer and much more proper, and would be more readable and grammatical to say "whose principal business was the transport of passengers, goods, or passengers and goods."

Mr. Abbott: This was taken from the act of last year. I know my hon. friend's reputation as a grammarian, and I would not attempt to challenge it for a moment. As the committee knows, these sections are drafted by solicitors in the Department of Justice, highly skilled in the art. At the moment I am not in a position to challenge the accuracy of the point raised by my hon. friend. Since he has not proposed it as a formal amendment, however, perhaps he would allow me to call it to the attention of the officer of the Department of Justice who prepared this section. It may be that the same language occurs elsewhere, and we can correct it the next time the act is before the house for revision. In this section the use of the words "passenger, goods, or passenger and goods transport," I am told is taken from the bill as it was enacted last year. I wish my hon. friend had spotted it at that time.

Mr. Diefenbaker: I am not going to get into this grammatical discussion, but as a matter of fact, I did not understand subsection (7) to refer to railway employees at all. It is clothed in such difficult language that I thought it applied to automobile traffic transporting goods and passengers, and that it did not apply to railway companies.

Mr. Abbott: It applies to bus operators as well.

Mr. Diefenbaker: I thought it was restricted to bus operators and the like, automobile truckers, and so on. It was because of the obscurity of the language that I raised the point a moment ago. I saw the citation in the margin, "expenses of transport employees". It was for that reason I raised the matter a moment ago. I was not complaining about the grammar because, after all, that was not the point which interested me, but the wording itself. I had read this section carefully, and wondered why railway employees were not included.

Mr. Abbott: No one knows the difficulties of legal draftsmanship better than my hon. friend, the member for Lake Centre. I suppose one of the things that keeps the legal profession in business is the difficulty of accurately expressing in words exactly what is intended. I have enough confidence in the skill and ability of the draftsman in the Department of Justice, who prepared this section, to believe that, while it may not be perfect, it is not obscure. The meaning is quite clear.

Mr. Fraser: A number of men in business for themselves, as well as commercial travellers, have told me that the income tax inspectors ask them to produce receipts for meals costing as little as 50 or 75 cents. They feel they should not be forced to ask a waitress for a receipt for such a small amount.

Mr. Abbott: I shall bring the matter to the attention of the Minister of National Revenue.

Mr. Fraser: I see the Minister of National Revenue smiling, but I understand that has happened.

Mr. Abbott: I shall bring the matter to the attention of the Minister of National Revenue.

Mr. Fleming: The Department of National Revenue made a ruling several years ago, with which I had some occasion to become acquainted on behalf of certain brotherhoods of railway employees. It was to the effect that if vouchers were not presented by railway employees, who were on regular runs

which kept them away from home overnight, the department would grant them a deduction of a flat $300 a year. If the taxpayer claimed more than that, he had to produce his vouchers. Will that rule be applied in the interpretation of this subsection?

Mr. Abbott: I believe that is really a question of fact. My hon. friend is right in saying that a standard rate for the running trades has, for some time, been considered as a dollar a day. It is open to the taxpayer, of course, to produce vouchers to show the actual expenses incurred, but I believe it was found that that represented approximately the amount which was usually spent. I am told that, for some time, that was accepted as a rule.

Mr. Fleming: It was a useful rule of thumb. May we take it that the same rule will be observed in the administration of this section?

Mr. Abbott: I cannot speak for that, because the administration is the responsibility of another department.

Section as amended agreed to.

Section 5 agreed to.

On section 6—*Inadequate considerations.*

Mr. Fleming: It is proposed to insert a new subsection (3A) in this section, and I should like to ask the minister whether this new subsection is being introduced to meet any particular situation that has arisen or whether it is a matter of tidying up the draftsmanship of the 1948 act.

Mr. Low: When the minister is replying to that question, will he tell us what is meant by dealing at arm's length?

Mr. Abbott: I shall come to that in a moment. This section really rounds out section 17 which, as drafted, covered a sale both ways, but did not cover a lease both ways.

Answering my hon. friend the member for Peace River, "at arm's length", is a phrase which I believe is fairly well understood by lawyers and the courts. It implies that the parties are not either related or connected, and that it is a genuine transaction in which the interests of both parties are adverse.

Mr. Low: There is no love between them?

Mr. Abbott: Not necessarily no love between them, but one should not assume there is any love between them. It has to be a genuine business deal.

Mr. Fleming: Have there been any cases under section 126 since it was enacted?

Mr. Abbott: There have been no cases since it was put in the new Income Tax Act.

Section agreed to.

On section 7—*Depreciation.*

Mr. Macdonnell (Greenwood): I should like to ask the minister whether this would be the place for him to make some reference to the new system of depreciation which has been proposed?

Mr. Abbott: Probably this would be as good a place as any. In my budget speech on March 22, I referred to the general principle of the new basis on which depreciation would be allowed. It will be found on page 1799 of *Hansard*. Perhaps my hon. friend has read it, and I do not know that it is necessary for me to repeat it now, but it might be as well if I were to do that. At that time I said:

> In the past allowances have been granted on the basis of wear and tear of assets used in earning the income subject to tax. Under the new regulations which my colleague the Minister of National Revenue is proposing, the governing principle will be the amortization of costs of depreciable assets. Incidentally, an effect of this will be to allow for obsolescence hitherto unrecognized under our act. In the second place the rates of write-off will apply to the written-down value of the asset account rather than to the total asset account. In the technical language of the accountant this means changing from the straight-line method of depreciation to the diminishing balance principle. Of course the rates of depreciation will be appropriately increased having regard to the diminishing base to which they apply. Thirdly, it is proposed to introduce what might loosely be described as a recapture provision. This provision will operate to ensure in effect that the deductions for amortizing the cost of an asset shall not exceed the final proven cost of the asset to the taxpayer. It will call for an adjustment against future write-offs where assets are disposed of after some use. I might add here that the so-called add-back or adjustment will be limited to the written-down value at the end of 1948 regardless of the price realized on disposal of assets in order that there can be no possible claim that under this provision capital gains are being taxed, or that this recapture provision has any retroactive effect.

Mr. Fulton: Will the minister explain it now?

Mr. Abbott: If my hon. friend wants me to explain it, I shall be delighted to take a long time to do it, but I do not think he really wants me to do so. He knows as well as I do that the matter is an extremely technical one. The Minister of National Revenue and his officials have been engaged for some time in the preparation of the necessary detailed regulations to outline the basis upon which the new system will operate.

Mr. Diefenbaker: Will the minister give a concrete example?

Mr. Abbott: Yes, I think perhaps I could do that. Take the case of an asset which cost the taxpayer $100,000. Rates of depreciation are established under the regulations to be enacted of, let us say, 15 per cent per annum. The asset as acquired is held by the taxpayer

for five years. It will then have been written down to 25 per cent of its original value or, in other words, $25,000.

Mr. Fleming: That is on straight line depreciation.

Mr. Abbott: That is on straight line depreciation; my hon. friend is quite right. It would start off at 15 per cent, and there would be varying percentages down through the years. The 15 per cent would be applied each year to the depreciated value of the asset and at the end of, let us say, five years it would have a value on the books of whatever you like, say, $25,000 or $30,000. Then it is sold for $50,000 and in virtue of the recapture provision to which I have referred, the $20,000 would have to be taken up into profit and loss and would of course be subject to tax in the year in which it is taken. That is a fairly simple example. I understand that in more complicated cases it could be much more complex than that, but I think it illustrates the principle to which I am referring.

Mr. Macdonnell (Greenwood): Regulations are now being made in detail which will govern this exceedingly important and vital thing. At what point does the house get a chance to see them? At what point do we get a chance to study them? Or are we just to take them on the minister's short, though highly interesting statement? I think it is a matter of great concern. As the minister knows, I have been trying to get these regulations for the last couple of weeks. It would be a natural thing for us to want to study them and even to confer with the business community and try to make sure that there was no suggestion that needed to be made. I understand that they are not even in print yet.

Mr. Abbott: That is correct. My hon. friend will appreciate the fact that they cannot be adopted by the governor in council until this particular section 7 is passed setting out some of the matters which must be spelt out in the law before the regulations can be adopted. My hon. friend will recall that until the amendment made to the Income Tax Act last year, the depreciation provisions were not even a matter of regulation. They were a matter of discretion. What will happen is this. After this law has been enacted, regulations prepared by the Department of National Revenue will be brought to the cabinet council, will be adopted, will then be published in the *Canada Gazette* and will be made available for all who are interested. They will then be subject to the general scrutiny of those who are interested, including the commercial community, lawyers, accountants and others who are considering these questions. So far as consideration by the house is concerned, I suppose they will not be available for reference and discussion here until the next session. But I point out to my hon. friend that under the act as adopted last year, and under the amendment which is proposed in this bill, and which is required in order to enable the regulations to be passed, it is provided that it will be done by regulation and not by ministerial discretion.

Mr. Macdonnell (Greenwood): But we are in this absurd position now, apparently: the regulations cannot be approved until we approve this act; and we cannot see the regulations before we approve it, so we are approving something, in effect, where we have had nothing but a very sketchy illustration, if the minister will permit me to so describe it; and incidentally he gave us the wrong figures, although that is neither here nor there. But it seems to me that this important thing is being dealt with as if it were something of trifling importance that is just done every day by the officials in their stride.

Mr. Abbott: That is not the case at all. The regulations are being made under section 11 (1) (a) which says:

> Notwithstanding any other provision in this division, the following amounts may—

And I leave out some words.

> —be deducted in computing the income of a taxpayer for a taxation year:
>
> (a) Such part of the capital cost to the taxpayer of property, or such amount in respect of the capital costs to the taxpayer of property, if any, as is allowed by regulation.

I indicated in my budget speech last March the broad principles on which depreciation will be allowed. I agree with my friend that the rules with respect to depreciation are one of the most important aspects of income tax law because they vitally affect the profit of the taxpayer which is subject to tax. But it has never been considered possible to spell out in a statute the detailed rules with respect to depreciation. It has never been done. Under the old act it was left to the discretion of the minister. Under the new act we provide that it should be done by regulation; that is, that it should be formally enacted in specific terms, tabled in the house, published in the *Canada Gazette* and available for all who wanted to see it.

Mr. Macdonnell (Greenwood): Afterwards.

Mr. Abbott: Afterwards, yes. But you have to have an effective order to make the regulations before you can enact the regulations. I have not seen these regulations yet. I understand that they are prepared and are ready for submission to cabinet council when this amendment is passed. My hon. friend quite properly asked me if I could let him

have them two or three days ago, and he referred to it today. I told him that I had not seen them myself. I have not seen them yet.

Mr. Macdonnell (Greenwood): That does not impress me greatly. I am quite aware that under the clause in the statute these regulations can be made. But I am submitting to the minister, who is usually a reasonable man, that actually, without knowing a great deal more than we now know, we cannot give any intelligent consideration to this section 20 that is now before us. Whether or not it has been the practice, I think it would have been good sense for us to see these regulations. I know they are still tentative; nevertheless, they would have given us an understanding that we do not have at present. As it is now we are asked to approve these regulations really in the dark.

Mr. Abbott: I just point out to my hon. friend that the principles that we are asked to pass on do not depend on the regulations at all. The principles are as I have enunciated them. The detail will be found in the regulations. But my hon. friend or any other member of this house has all the information he needs and is quite competent to pass on the principles.

Mr. Macdonnell (Greenwood): I am not quite through yet. Some of my colleagues are anxious to have a go at the minister and I will give way to them in just a moment. I am quite ready to plead guilty to being just as stupid as the minister likes to accuse me of being, but I do not think we have had any real exposition of this matter. For instance, there is a phrase here that I do not understand. Perhaps the minister does not understand it either.

Mr. Abbott: Quite likely.

Mr. Macdonnell (Greenwood): We are told here up to the present, "incidentally, that the effect of this"—that is, of the new system—"will be to allow for obsolescence hitherto unrecognized under our act." There is a short statement which goes to the root of depreciation. That is just stated as a categorical statement. There is no explanation of it here. As I say, I think we are left in a silly position. When we go back to our constituents and to our business friends and they ask us what we know about this important matter, we shall have to say that we just do not know anything, that the minister told us that regulations were going to be made but he had not even seen them himself.

Mr. Wright: I am not a lawyer and therefore do not understand all the implications of this section, so I should like to present a specific case to the minister and ask him just what happens in that case. A great many farmers, especially in western Canada, came under the income tax first between 1940 and 1943. We will take the case of a farmer who built, we will say, $10,000 worth of buildings in 1929 and in 1940 he comes under the income tax. He then writes off 5 per cent depreciation on the buildings, and that depreciation has been written off on the $10,000 that he started with. By 1949 his depreciation is all written off. He cannot take any further depreciation, although for five or ten years during the 1930's he was in the drought area or had no crop at all. He was paid P.F.A. Yet his right to take depreciation ceases at the end of twenty years. Is there any provision made for that? It seems unfair that he should not be able to take depreciation for twenty years during a period that he had not an actual income; it seems unfair that he should not be able to take depreciation on years when he had no income at all.

Mr. Abbott: If I understood my hon. friend's case correctly, the farm that he referred to has been completely written off in the period to which he refers.

Mr. Wright: No.

Mr. Abbott: As with all depreciation, you cannot take it twice.

Mr. Wright: No, it was not written off. He never made income enough to write off any depreciation during maybe a five-year or ten-year period in the thirties. Prices were low or he had no crop. Yet the income tax people insist that by 1949 his right to depreciate those buildings has ceased. That seems unfair.

Mr. Abbott: I am told that is one of the reasons for making the change that is contemplated here. Under the old rules he had to take at least half the allowed depreciation in a particular year, whether he had profits or not. Under the new system he is not required to take any depreciation at all in the particular year unless he sees fit to do so, and obviously he will not do it unless he has profits against which the depreciation can be allotted.

Mr. Wright: That again brings up the difficulties under the act. Most farmers have not kept books. All the department has is their word that during that year they did not have an income. What proof will they have to give to the department that they did not have an income during any particular year in which they could not take depreciation?

Mr. Abbott: Of course if they had profits they took the full depreciation against the profits. Under the old rule they would be

obliged to, or they would be deemed to have taken half of the allotted depreciation whether profits existed or not. That has been operating up to the present time, and the result today would be that either the depreciation has actually been taken against the admitted profits or would have been deemed to have been taken to the extent of half the percentage allowed, applicable in each year in any case.

Mr. Fulton: I have information, and it comes from a chartered accountant of considerable experience, that this is in fact a retrograde step. My information is that in the United Kingdom the practice is in accord with what is called the straight-line method of depreciation; whereas this amendment sets up the reducing balance system. Will the minister comment on that? If that is so, why are we changing to what has been described as an antiquated system?

Mr. Abbott: I can only cite another opinion. I have been informed by chartered accountants and others in whose judgment I have a good deal of confidence that this is not a retrograde step, but a step in advance and that it actually is better for the majority of taxpayers than the old system. I cannot be otherwise than assertive on that. That is the advice which I have received from my own advisers who are highly experienced in these matters. I can make no claim to being an expert myself. As I said before, this is a very technical subject, one in which the accountants are very much more expert than members of the legal profession. I can only rely on information which I receive that this is an improvement on our old system and essentially fairer to the taxpayer, and that is why we made the change.

Mr. Fulton: May I make two comments on that? The first one is that under this system the taxpayer can never entirely write off the asset, because it is a constantly reducing figure which is diminished each year, the suggestion being a straight 15 per cent of the initial cost. The second is, what is the practice in the United Kingdom?

Mr. Abbott: On the first question my hon. friend is of course a highly skilled mathematician. He is quite right on the diminishing balance principle. You could not completely eliminate the value, but it can be reduced to infinitesimal proportions so that it ceases to have any commercial significance.

As to what the practice in the United Kingdom is, the information we have is that most of the British system is on the basis which we are now adopting, but I am not prepared to assert that with absolute finality. That is the information we have.

Mr. Quelch: I should like to get this down to fairly simple figures. Take the case of a farmer who has a tractor worth $5,000. At the end of five years that tractor has been fully written off. That farmer sells the tractor to another farmer for $2,000. Is the purchaser allowed to depreciate that $2,000, or has it been written off so far as he is concerned?

Mr. Abbott: The new purchaser would depreciate it at the cost which is $2,000.

Mr. Harkness: What about the farmer who sold it?

Mr. Abbott: He gets $2,000 back in income because he would have had the tax determined on a depreciated basis which has been proved in fact to be too great.

Mr. Major: The farmer would receive $2,000 from the sale of his old tractor. He would buy a new tractor for $1,500 on which he would take depreciation, and he would have $500 to spare.

Mr. Abbott: Which shows the great advantage of being a farmer.

Mr. Diefenbaker: This is one section that will need almost an army to enforce. I am speaking now for the farmers. If it is properly understood it will arouse a degree of antagonism the like of which has never been known before. I come from a province where the farmers pay income tax. When they begin to realize the meaning of this change that my hon. friend passes off with that graciousness for which he is famous, it will take an army of employees to enforce it.

Mr. Abbott: Why does my hon. friend say that?

Mr. Diefenbaker: I say that simply for the reason that throughout the years in Saskatchewan the farmers have been in the position mentioned already by the hon. member for Melfort and the hon. member for Acadia. They have brought before the committee a situation that is serious. This section makes no allowance for conditions that prevailed throughout the years. Suppose the machinery was purchased in 1932 or 1933 and there was no crop for five or six years and there was no depreciation during those years. If the farmer disposes of his machinery he finds himself in a position where he is subjected to further taxation. There will never be a closing of the farmer's liability for taxes.

Mr. Abbott: If my hon. friend will permit me, this applies only to depreciation from now on. I thought I made that clear in my initial statement. It does not relate to the past.

Mr. Diefenbaker: I appreciate that. But when conditions are bad in any of the years, as they are for instance this year, then the situation is going to be most serious during any year that the farmer has a crop and disposes of any of his machinery that has been depreciated down. I suggest that the minister should give the widest publicity to this section and that the regulations should be published in all the papers. Some say that knowledge is strength. Knowledge of this section in the farming communities will arouse a great deal of ill feeling because it means that when a farmer has a crop after a series of no crops and disposes of any of the assets that have been depreciated down over five or six years, he will find himself paying an abnormal income tax on something that I personally regard as a serious invasion of his rights. I mention farmers particularly in that connection, for I believe that this section as now drafted will be productive of more antagonism than revenue.

Mr. Abbott: I have only one suggestion to make there. Perhaps I should not presume to suggest it but I think one should be careful about making assertions as to what the reaction will be—

Mr. Diefenbaker: I have already received letters about it.

Mr. Abbott: —until the regulations are fully understood by those who will be affected by them. My hon. friend refers to bad years. Under the proposed new system, if the farmer to whom he alludes sells a piece of equipment at a loss he can continue to take depreciation on it, which he could never do before. He can average his profits over five years back and he can write a loss five years forwards and one year back. A combination of those various privileges I think will be found on application to be much more advantageous than the system which has prevailed up to the present time. Therefore I hope hon. members will not criticize the provisions in unqualified terms, until they are thoroughly informed as to the new regulations and the way they will work out.

Mr. Diefenbaker: That is one good argument why the tentative regulations should be before the house so that, just as the hon. member for Greenwood has said, we may understand how these new changes are going to be applied. We make a general law in this section. I know one cannot cover a particular case in a general law; he must leave something to the matter of regulation. But those tentative regulations should be before the house so that hon. members may understand what the application will be in so far as the taxing administration is concerned, in connection with the regulations about to be announced.

Mr. Wright: I agree with the hon. member for Lake Centre that publicity should be given to this change, because I know it is a complete reversal of what has been happening in connection with depreciation on machinery. I know a great many farmers will not know anything about it unless some publicity is given to it; and they will continue to consider as capital gain the $1,000 or $500 for which they may sell a piece of equipment that has been depreciated, rather than place it in their income for taxation purposes, which has been the custom to date.

The minister has not answered my other question. He says the new legislation is not retroactive. Farmers during the thirties were not able to depreciate. There is depreciation taken on his buildings, whether he had an income in those years or not. That seems to be unfair.

The minister stated this new legislation will cover that, but it will not cover the retroactive period. That is the period they are worrying about—the time in the thirties when they were unable to take that depreciation.

Mr. Abbott: I wish I could explain a little more clearly than I have; however, I can only repeat what I said before, that this is probably the most complex and technical part of the income tax law. It is one which I think trained accountants are much better able to understand and explain than lawyers would be.

There will be no retroactive effect, so far as the new section is concerned. Value will be taken as it is today and depreciation will apply from now on. I sincerely believe, from the information I have been given, that they are more fair and more advantageous for the taxpayer than the rules which existed formerly. That is the only assurance I can give the house. I think we have to use the process of trial and error here as we do in so many other cases. These regulations to which I refer are still being worked on and will be put out as early as possible. I am informed by my officials who sit before me that the regulations, even if they were available today, might not help us in discussing the principle of the new rule. But, be that as it may, they are not yet ready.

Mr. Wright: Under the circumstances the minister should advise every farmer to have a chartered accountant make up his income tax next year. Farmers will not be able to

understand these regulations. Hon. members cannot get an explanation they can understand.

Mr. Abbott: I am told however that the new system is simpler than the old one. So, I think it is like so many other cases—we are crossing our bridges before we get to them, and we are worrying about things we need not worry about. I would only ask the indulgence of the house to give this a fair trial. It would have been easy for us to have stuck to the old one. No one was complaining a great deal about it. I do not think one member in the house out of fifty really knew anything about it—and I include myself in the fifty. We are endeavouring to improve it. I apologize for not being able to explain it more clearly than perhaps others could do. However, that is the position.

Mr. Fleming: Mr. Chairman, it is well for us to remember that this house, in legislating, while it has a responsibility with respect to the principle of the bill, also has a responsibility with respect to its form. Unless we can legislate in clear terms we are creating trouble for the taxpayer.

It is not without significance that when the minister sought to give the effect of the section he turned back to a speech he made on the budget last March. There he placed before us a paragraph which was clear and understandable. But when it gets down to a matter of carrying out the effect of the paragraph in the budget speech we find that there are in sections 7 and 8 of the bill, which are the sections dealing with depreciation, some six pages of legislative—

Mr. Abbott: Mostly definitions.

Mr. Fleming: —of legislative provisions.

Mr. Abbott: Mostly definitions.

Mr. Fleming: Well, that does not subtract one iota from the difficulty of construing the sections.

I suppose there may have been times when taxing statutes enacted by parliament were clear and understandable, but it seems to me that time has gone by. If these sections are a fair example of the kind of legislation parliament is to be called upon to pass nowadays, then the days of clear legislation are gone. Looking over this bill, and seeing these sections, and subsections and clauses, and then the exceptions to the provisions, and the exceptions to the exceptions, and the provisos, and the provisos to the provisos, and so on scattered all through this bill, one wonders what on earth the result will be. It reminds me of an expression from an eminent professor of the university of Toronto respecting the profound writings of Dean Roscoe Pound of Harvard law school on jurisprudence, when he said, "He uses English words, but it is not the English language."

One might say of these new provisions that they contain English words, but so far as we can find out they bear no resemblance to understandable English. It is very difficult for any man to follow them.

Then, there are a couple of points in particular I should like to mention. I understand it has been the practice in times past for the Department of National Revenue not to allow depreciation unless that depreciation is actually set up on the books of the taxpayer. That immediately raises the question as to the particular method of depreciation the taxpayer proposes to follow. I am informed that this reducing balance method as a basis of depreciation may become very cumbersome and unsatisfactory from the point of view of the taxpayer. If the taxpayer, to keep himself in the clear so far as the statute is concerned, is to follow this reducing balance method, and if, in trying to keep his books in such shape that he will understand them, he applies the straight line method, which is probably the one to which he has been accustomed, then he will be in great difficulty.

There are taxpayers who are urging upon the minister that the regulations be promulgated in the future so as to permit a choice of bases on the part of the taxpayer, and that he should be allowed to retain, if he so chooses, the straight line method.

There are several other features, and these have been drawn to the minister's attention. I refer particularly to a brief submitted to him by the board of trade of Toronto. These are matters with which it seems to me the minister has not dealt—or certainly has not dealt clearly tonight.

The first objection has to do with the retroactive feature. The minister has said there is no retroactive feature. I submit to him that it would be well if the new provision in respect of depreciation and the regulations yet to be made were made effective on a uniform date. It has been suggested that fiscal periods ending January 1, 1950, and subsequently would be satisfactory, and that the transitional provision could carry forward the former depreciation practice to that date.

The board of trade has made this comment:

> It must be obvious that from an administrative point of view this would be highly desirable. If this is not done, thousands of corporate statements already prepared and filed will be subject to amendment. Furthermore in a great many cases, where assets have been disposed of, a retroactive tax will

be imposed. The board believes that this is an improper manner of dealing with the tax-paying public, and strongly urges that this retroactive feature of the proposed law be not enacted.

It seems to me, in commenting upon that point, that that is good sense and clear logic.

The second point has to do with the effect of this provision upon the stranger who at some future date is making a purchase.

Paragraph (2) of section 20 deals with property passing between persons some of whom were not dealing at arm's length. The effect of the paragraph as drafted would seem to work a hardship against a bona fide stranger who is a final purchaser in a series of transactions one of which was not conducted at arm's length. This would obviously be unfair and the wording of the paragraph should be changed to avoid such a situation.

The point arises as to these definitions to which the minister has referred. The particular definition to which I am now about to allude is on page 6 under subsection 3 (c), the definition of "proceeds of disposition". You will observe that the third and fourth clauses of paragraph (c) include:

(iii) an amount payable under a policy of insurance in respect of loss or destruction of property, and

(iv) an amount payable under a policy of insurance in respect of damage to property except to the extent that the amount has, within a reasonable time after the damage, been expended on repairing the damage.

The submission of the board of trade on this point is:

Taken together these two items—

That is to say, paragraphs (iii) and (iv) which I have read.

—seem to mean that in case of a total loss by fire the insured company would be taxable on the proceeds of insurance to the extent that the proceeds exceeded the undepreciated capital cost, (but limited to the amount by which original capital cost exceeds undepreciated capital cost). In case of partial loss, no tax would arise if the proceeds of insurance were expended in repairing damage.

This could quite obviously work serious hardship in the case of total loss by fire. In such event part, and possibly a large part, of the insurance moneys would be required for taxes. It is quite possible that some companies would not be able to carry sufficient insurance to cover both the fire loss and the resulting tax, and therefore would not be able to replace the plant facilities.

Then the board proceeds to urge very strongly that the proviso in subparagraph 3 (c) (iv) regarding amounts expended to repair damage should be extended to 3 (c) (iii) to cover amounts expended on replacement. That seems to be a most sensible suggestion. Surely it would not be the wish of parliament that, where insurance is collected on what amounts to a total loss or nearly a total loss, the tax gatherer should step in then and treat the payment made by the insurance company as proceeds of disposition.

It seems to me these points illustrate the definite weaknesses and shortcomings in the legislation now before us. I would suggest that the two related sections, sections 7 and 8 of the bill, should be held over until the minister has had an opportunity to draft amendments that will overcome these very proper objections to the present wording.

Mr. Abbott: I very carefully considered the representations from the Toronto board of trade to which my hon. friend has referred. As to the alleged retroactive question, I announced last March that depreciation for 1949 would be on the new basis. It is true the detailed regulations are not yet available, but I hope they will be within the next week or ten days. However, be that as it may, in the regulations it is proposed to insert a transitional provision that if the taxpayer takes depreciation in the year 1949 calculated on the old basis that dollar amount can be used for the 1949 period. In other words, he is given the option of taking it on that basis or on the new basis, whichever happens to be more advantageous. I think we have carefully guarded against any danger of retroactivity in the application of the new rules. I cannot agree with the submission of the board of trade on the question of insurance. If a man has insured a capital asset and he realizes an amount which is in excess of the written-down value he has in effect disposed of that asset, in an exceptional way it is true, and he has received a certain amount of cash for it. I see no reason why, if the proceeds of the insurance policy are in excess of the written-down book value, he should not be taxable on that excess.

Mr. Gibson (Comox-Alberni): Would it be all in the same year?

Mr. Abbott: He can of course refuse it and start depreciating on the new basis.

Mr. Gibson (Comox-Alberni):. Does the minister think it is fair that that should all be taken in the one year? After all, if there was appreciation over a period of ten years, why should it all be taken and made taxable in the one year? Getting it down to the simple tractor from Acadia, where the farmer depreciated his tractor in five years, and at the end of that time showed $2,000 profit you would charge him all that amount.

Mr. Abbott: There is one thing which is not appreciated. Under the new system all assets are lumped together as a group. Under the old system each asset had to be valued on the books as a separate item and depreciated separately. Under the new system they are lumped together and all pooled, and your depreciation is against the pool. Therefore if he had two tractors one could be offset against the other. It is really writing back into the pool. Take the case of the ordinary

commercial enterprise where some stock in trade is lost as the result of a fire. Suppose it is not a total loss, but some machinery and equipment is lost, and there is other machinery and equipment and other assets which are depreciated. The collection on the insurance is $25,000 and the written down value is $20,000. Therefore there would be an apparent profit of $5,000 which would be taxable. That is taken into the operations for the year, but depreciation is taken against the pooled assets, and it is offset against that figure.

Mr. Gibson (Comox-Alberni): How would the minister replace a saw mill if it was insured and then you came along and took your 20 per cent cut out of it? What has happened over the past seven or eight years is that costs have increased, and a saw mill that might have cost $500,000 then would cost $1 million to replace. Nevertheless, in the meantime you have reduced the capital you have there.

Mr. Fair: I believe the minister and the government are well aware that the taxation policy and agricultural policy in general have been responsible for the reduction in the production of agricultural products. I think that has been pointed out plainly many times in the house. Just as soon as farmers find out there is one more method by which their money can be filched away from them in the form of taxation, there will be a still greater reduction in the production of the country. I think it is a mistake to have the present system put into effect so far as farmers are concerned.

Mr. Macdonnell (Greenwood): I find myself perplexed by the minister's attitude with regard to his refusal to admit that insurance money may be used for replacement as well as repairs. Let me ask, how much destruction must there be? In subparagraph 4 it says:

> . . . in respect of damage to property except to the extent that the amount has, within a reasonable time after the damage, been expended on repairing the damage.

Suppose there is 95 per cent damage. Can he replace it? What if the whole thing is destroyed? Suppose there is 50 per cent damage; he can replace, but if the whole thing is destroyed then he is going to be taxed and he cannot use the money for replacing the building. Is that correct?

Mr. Abbott: There are two separate things. The first paragraph, (iii), relates to loss or destruction, and the second one, (iv), relates to damage. In the case of loss or destruction the insured article is no longer there. It is not a case of repairing it but of replacing it. It is just as though the article has been sold; the only thing is it has been sold to the insurance company instead of to a purchaser. So far as the taxpayer is concerned, he has the cash, and if he had sold it he would have to use the cash to replace it if he wanted to. Since it has been burned, or destroyed in some other way, he has the cash from the insurance company. If that amount of cash is greater than the written-down value of the asset, then in effect he has got back more than his capital; he has been claiming a deduction as a capital expense which in fact he has not incurred. Therefore on the recapture principle it should be subject to tax. If the asset is damaged the insurance money, if entirely used to repair the damage, will attract no tax; but if there is an excess over and above what is required for repair then I take it that would be taxable income.

Mr. Macdonnell (Greenwood): I understand the recapture principle; in fact that is the only thing I have understood tonight, really. It still seems to me that you are running into an absolutely illogical and even fantastic situation if you say the man whose building is ninety-five per cent ruined can replace or restore the damage, while the man whose building is one hundred per cent ruined cannot do so. Let us be frank about this. Insurance very seldom covers the whole value of a building, as we all know. In the practical outcome of this, say a man has a building worth half a million dollars, and he gets $400,000. According to the statement just made by the minister he can still be taxed on part of it.

Mr. Abbott: No, there would be no tax at all under those conditions. If the written-down value of his buildings is half a million dollars and he collects only $400,000 in insurance, he has had a loss. The new system would help him get the $100,000 back, because he can include that loss of $100,000 in his general pool. He could not have included a capital loss of that kind before; but if you have a running capital account of this kind you can take capital losses into it. That is one of the advantageous features of the new principle.

Mr. Macdonnell (Greenwood): The Toronto board of trade stated a simple case, and I thought it was put very sensibly. Let me read it again, to see where the defect may be:

> The board draws your attention to paragraph (3) subsections (c) (iii) and (c) (iv) which define "proceeds of disposition" to include proceeds of insurance policies. Taken together these two items seem to mean that in case of a total loss by fire the insured company would be taxable on the proceeds of insurance to the extent that the proceeds exceeded the undepreciated capital cost (but limited

to the amount by which original capital cost exceeds undepreciated capital cost). In case of partial loss, no tax would arise if the proceeds of insurance were expended in repairing the damage.

It seems to me the point is that in the case of partial loss the provision is sensible, but if you have the other case you run into this tax, which could prevent a man from carrying on his business.

Mr. Abbott: My hon. friend cited the case of a ninety-five per cent loss. If the proceeds were used to repair the loss there would be no tax. If on the other hand the proceeds from the insurance were $10,000 and it cost $9,000 to repair the ninety-five per cent loss, the extra $1,000 would be taxable.

Mr. Herridge: Numbers of people in my constituency own timber, on which in some cases they have paid taxes for from twenty to thirty or forty years, and they have also spent money developing and caring for it. Many of these people sell their timber on a stumpage basis for poles, logs, and so on. Are the receipts from that depreciated capital taxable?

Mr. Abbott: I am told that if the timber is sold on a stumpage basis the proceeds are taxable.

Mr. McCubbin: As a farmer I am just a little alarmed about this provision. We have become accustomed to the present method of depreciation of farm equipment and farm buildings, and now I want to ask the minister this question. In what way does this section alter the present method of calculating depreciation on farm buildings and equipment?

Mr. Abbott: I would like to give my hon. friend a detailed answer, but I am afraid I cannot do so. I am informed by people who are versed in this rather intricate subject of depreciation that the farmer will be better off under the new system than he was under the old one. I am making that as an assertion. I may be wrong, but I do not think I am, because we did not have to change the old system but did so in order to improve it. I return to what I said a little earlier. I wish I were technically competent to explain the intricacies of this matter, but I am not. However, I am assured by people who have made a study of it that it is an improvement on the old system and that it is better for the taxpayer, which includes the farmer as well as anyone else. That is why we have brought it in. I am afraid I cannot point out just why that should be so, though I shall try to in any specific instances that may be mentioned, but I suggest that people should not get too alarmed about the adverse effects of this provision before they see how it works out.

[Mr. Macdonnell (Greenwood).]

Mr. Harkness: The more I hear the minister attempt to explain this section the more amazed I become that anyone would contemplate applying this to the farmers of Canada. A moment ago the minister said that in his opinion it would be simpler and easier for people to work out, but in view of what he went on to say I do not see how that can possibly be the case. In the past practically every farmer I have known has had considerable difficulty computing his income tax. Many of them have had to get help from a chartered accountant, or someone of that sort. It seems to me that by putting through this section we will force every farmer to obtain the services of a chartered accountant; and as a result you are going to encounter intense opposition on the part of the farming population to this method of income tax assessment, as far as depreciation is concerned.

Under the old system when a farmer bought a new article, whether it was a tractor, a binder, a combine or anything else, all he had to do was take the cost and move the decimal point over, or in other words divide it by ten. If it was an ordinary piece of farm equipment it was on a ten-year depreciation basis, and the farmer could put down that figure one year after the other. If it was on a twenty-year basis he multiplied by two; if it was on a five-year basis he divided by two, and that was all there was to it. Even that was difficult enough for most people to follow through with many pieces of farm equipment. Now the basis has been changed, as I understand it. If a man buys a piece of equipment for $1,000, we will say, he depreciates it 15 per cent the first year, which brings it down to $850. The next year he has to depreciate it another 15 per cent of that amount. So the farmer is going to have to wrack his brains and spend goodness knows how long trying to figure it out. He will have to take each item separately year after year, and he just will not do it. He does not have time; he will not be bothered with it, and as a result you will not collect your taxes. In other words if you put through this amendment I should say you may get a farmers' strike as far as income tax is concerned. They will not be bothered with it and will not do it. I think you are simply laying yourselves open to all kinds of trouble. It would be much better to leave the old system, under which a man knew how to calculate his depreciation.

Mr. Abbott: As my hon. friend realizes, this is intended to be a relieving section; and it is.

Some hon. Members: Oh, oh.

Mr. Abbott: It is intended to give the taxpayer further relief. Admittedly there may be a little difficulty getting it started, in arriving at initial values, but I am told when

that has been done it is very much simpler to calculate depreciation than under the old system. I am making that as an assertion, relying upon the advice of people in whose experience I have some confidence. While I know some people are always averse to change and always think the present system is the best in the best possible world, that is not my philosophy. In matters of depreciation as in other matters I think we may be able to bring about an improvement. No farmer is obliged to take depreciation; it is an advantage which enables him to reduce the amount of his tax. Again I appeal for a fair trial for this new basis, which I am assured is better and simpler than the old one.

Mr. Graydon: The thing I think will be in the minds of most hon. members is this: If the minister does not quite understand the implication of this section, I do not know how he expects the farmers to do so. As a matter of fact, I have heard some members of this committee say that the farmer would likely have to have an accountant make out these forms. He has to have an accountant now. I do not suppose there are many farmers, certainly not in my part of the country, who make out their income tax forms themselves. Instead of making these forms more complicated, instead of making the law so obscure that even the minister is not able to understand it, I believe we should be simplifying it.

Mr. Abbott: I did not say that. I said it was a little difficult to explain in generalities.

Mr. Graydon: If a thing is difficult to explain, perhaps the person who is explaining it does not understand it himself.

Mr. Abbott: Or his audience; but that is the fault of the minister, not his audience.

Mr. Graydon: So far as the income tax which is applicable to agriculture is concerned, I have always felt, and I believe it is the thought of most people representing agricultural sections, that the call is constantly for some sort of simplification in the tax structure. The farmer does not want to have to go to his lawyer or accountant, and spend days getting his income tax in shape. The farmer is in an entirely different position from the ordinary individual. You cannot put his business on the same level as the ordinary business of industry and commerce. There is a distinction between the two.

All the minister has to do is to look casually into the distinction between the way a farmer has to conduct his business, and the way the business of industry is conducted. In most instances, there is little in common. When it comes to making out income tax returns, however, both of them are put in the same box, and are asked to make out their income tax returns on the same basis. This has been the difficulty facing agriculture during these last few months. There has been a great deal of agitation over the complex nature of the returns the farmer is asked to make out. Upon completion of the return, the farmer is never sure whether he owes the government $10 or $1,000. I believe once the farmer sees this act, he will have great difficulty in coming to the conclusion that he can make out his income tax return.

If we are going to make a move in any direction, I plead with the minister to make a move towards a simpler sort of return for agriculture, having in mind the fact that agriculture is in an entirely different position from industry. Apparently, industry is the section of our population upon which the income tax return standards are based. I wonder what industry would think if the farmers were to have the say as to what kind of income tax return there should be in this country? Industry would raise a howl to the high heavens, but a farmer is expected to fit himself into the sort of strait-jacket that has been prepared for industrial income tax returns. I believe the minister ought to consider that whole question, to ascertain whether we cannot have a simpler form for agriculture, because it is working a great hardship upon farmers generally from one end of Canada to the other.

Mr. Fleming: It was both comforting and challenging to hear the Minister of Finance say a few moments ago that he was technically unable to explain this section, or that he had not the technical knowledge or ability to explain the section. Now, that may be quite comforting to the rest of us who have tried to understand—

Mr. Abbott: Not the section, if my learned friend will allow me, but the detailed way in which this new system operates. The section is largely a section of definitions.

Mr. Fleming: —how it is to be worked out in the legislation now proposed. We are being asked to put into effect provisions which many of the members of this house, if they find themselves in the same position as the minister, will not understand when they are called upon to vote on them.

There is a great deal more than depreciation involved in this provision. If it were simply the changing from one method of depreciation to another, the matter would not offer nearly the complexity or difficulty that it does. It goes beyond that. It is a method of depreciation accompanied by a capital gains tax; in effect, that is what it is.

If this were a perfectly sound method of depreciation, this new method of the reducing balance instead of the straight-line method hitherto in effect, surely it should commend itself to the department. The department would say, "Very well, as a method of depreciation we are satisfied with the soundness of the reducing balance method and will accept it". The department does not do that. They say that when a sale is made of a depreciated asset later on they are going to step in and take what amounts, in effect, to a capital levy.

Mr. Abbott: Oh, no.

Mr. Fleming: With respect, Mr. Chairman, it means just that. You take a simple transaction. John Jones buys something and sells it. If he is not in the business of buying and selling things of that class, then whatever he has made on that transaction is a capital gain, and is not income. Therefore, it is not subject to income tax.

Mr. Abbott: If he did not claim depreciation, my hon. friend would be quite right.

Mr. Fleming: If the depreciation method that is proposed is sound, why should it not stand simply as a matter of depreciation? In this provision, the department is proposing to follow the asset, and it may go through more than two hands. If at some time in the future you are selling it at a greater value than the reduced value at which you are carrying it on your books, the department is going to treat that excess over the reduced value as income upon which you will be taxed. This will mean that the taxpayer is going to be pushed into a much higher bracket carrying a much higher rate of tax. It seems to me that that, sir, is the effect of this section. It is not simply a depreciation section, but is a section that provides for a method of depreciation and then goes much farther. It provides for the levying of a tax in a way that seems to me to amount to a capital gains tax.

Quite apart from that, sir, there are two points with which the minister has not dealt. In the first place, I raised a point as to the effective date, and the minister has indicated that regulations will make it possible for the taxpayer to make his choice between the two methods of depreciation.

Mr. Abbott: On the amount for a whole year.

Mr. Fleming: For fiscal periods, yes, up until January 1, 1956. Beyond that time there will not be a choice, but during this period there will be a choice. I should like to ask the minister, if he will, to clear up this point. It is tied up always with the requirement that the department insists that the depreciation must be set up in the books, and in the case of this option, the department will presumably insist on applying the method that the taxpayer has set up on his books.

Mr. Abbott: That will be covered by the regulations, I understand. I understand that the practice in the Department of National Revenue in the past has been that depreciation claimed for tax purposes must be the depreciation which is actually set up on the books. Now, the regulations to be enacted will cover that point, as well as provide some modification in the rule, perhaps. I am informed that has not been settled yet.

I should like to revert for a moment to what my friend has said. I think the fundamental principle here is fairly clear, as to the basis upon which the taxpayer is entitled to recover his capital, because that is the purpose of depreciation and obsolescence allowances. The detailed method as to how it is done is to be made the subject of regulations. The only reason that these sections are complex, and the regulations are rather lengthy, is that, in accordance with what seems to be the general wish of the members of this house and the public, we have eliminated the old ministerial discretion. Under the old system there were no long, elaborate regulations published and available for anybody. You went to the minister. There were certain predetermined rates of depreciation. You went to the minister and he had to rule upon the matter and he did not bother to have that spelled out in a section or to enact regulations. It was a ministerial discretion, exercised no doubt, in all cases, fairly and so on and so forth. But inevitably, in getting away from that we have had to draw rather long and complex regulations.

But the principle of the proposed new system is as simple as a, b, c. The application is quite complicated, it is true, but this recapture provision which has been referred to has been followed in England where the principle of capital gains does not apply. The principle is simply this. If you start off with a cost, you would depreciate that cost on a diminishing balance basis, each year, at the predetermined rate and take your depreciation for your book value at the beginning of the year. Obviously in mathematics you will never write it off completely. You will get down to a fraction of a cent. The recapture provision is simply this. If you sell it for more than the depreciated cost, you have more depreciation deducted from your tax bill than you should have

had, and you should bring the difference back into your tax. It is just as simple as that. The application in different types of assets is admittedly complicated, and in talking in general terms it is difficult to explain particular cases. But there is nothing obscure about the main principle. Even a simple lawyer like myself can understand it.

Mr. Fleming: My point was not cleared up, Mr. Chairman. I am coming back to this point about the method of depreciation set up on the books of the taxpayer in 1949. This is the fifth day of December and when this bill becomes law, either the taxpayer is going to have an opportunity of sitting down then and deciding which of the two methods he chooses to apply for 1949 or the department is going to say: We have looked at your books and we find that this is the method you have been following; therefore because of the rule that the department allows depreciation only where it is set up on the books of the company or the taxpayer, we are going to apply that method. I am wondering how much time the taxpayer is going to have to exercise this option as between the two methods of depreciation for 1949.

Mr. Abbott: As my hon. friend knows, very few taxpayers with complicated accounts are actually in a position to close their accounts and make their final entries until some time after the end of the fiscal period. That is why this three months, or it is six months now, is allowed for filing the income tax return. With the demand for accountants and auditors, it is seldom that you can get your audited statement until some little time after the end of your fiscal year. I am informed that it should be possible to have the new regulations available before the end of the year. I realize that is only three weeks away, nevertheless the Department of National Revenue are hopeful that as soon as this legislation is adopted they will be able to complete the regulations and publish them. While the time may be somewhat short, nevertheless I think there really will be adequate time for those who have to look at one option or the other to see which it would be in their interests to follow.

Mr. Fleming: My point has not been answered.

The Deputy Chairman: The hon. member for Acadia.

Mr. Quelch: When the minister argues that the new scheme will be fairly simple or that it will be just, I am not going to take exception to that remark. But on the other hand, when he says that the farmer will be better off under this system, then I say that he is just talking poppycock, because it will cost the farmer more money. It is bound to cost him more money. Let me explain what I mean. At the present time it is quite common practice for large farmers to sell off their machinery about every fourth or fifth year because they do not want to run the risk of delay at seeding time or harvest time. Seeding time and harvest time are short periods and they do not want to take the chance of a breakdown. So they make it a practice to sell off their machinery about every four or five years and buy new machinery. In the past, when they have sold off their old machinery, they have not had to pay any income tax on the price they received for it. But now the minister says they will have to pay a tax. How can the farmer possibly be better off when he now has to pay a tax which he has not had to pay in the past?

Mr. Abbott: They would not have to pay tax unless they sold the machinery at an amount greater than the depreciated value.

Mr. Quelch: That is what I am talking about.

Mr. Abbott: Are the farmers making a great deal of money selling second-hand machinery?

Mr. Quelch: That is not the purpose of selling the machinery. The purpose is to avoid loss of time as a result of using the old machines at harvest time or seeding time. The farmer might easily lose the price of a machine or half the price of a machine. But if the machine has been fully depreciated, he is going to have to pay income tax on the sale price. That has not been the practice in the past. Whether or not it is just is a question I am not going to argue. But the impression now is that he is going to have to pay a tax now that he has never had to pay in the past, and it will not be popular. The minister cannot argue that it is going to be popular.

Mr. Abbott: The farmer must be selling it to another farmer who would buy the same sort of machine.

Mr. Quelch: They are going to the dealer for new machines.

Mr. Abbott: I see. I am asking for information. Where does the old machine go?

Mr. Quelch: The dealer sells it to another farmer. He reconditions it.

The Deputy Chairman: Order. May I ask hon. members to address themselves to the Chair.

Mr. Quelch: The dealer reconditions the machine and sells it to another farmer, and the other farmer will be allowed depreciation on that machine. But in the past, the farmer

who has turned that machine in to the dealer has never had to pay income tax on the amount he received for the machine; but from now on he will have to do so. As I say, that is not going to be popular at all; in fact it is going to be exceedingly unpopular. I assure the minister that he will find that out as soon as the farmers begin to realize that they are going to have to pay that tax.

There is one other point I wish to mention. At the present time any expenditure of over $25 on capital has to be considered a capital investment and cannot be charged as an expenditure; that is if the amount is over $25. We find that farmers sometimes get wells drilled and spend perhaps $600. They do not strike any water. It is a dry hole. But they are not allowed to charge for that expenditure. They have to charge it as a capital investment. How much of an investment have you got when you have a dry hole? Yet they have to depreciate that dry well for ten years. It seems to me that that is nonsensical. Where a farmer goes to the expense of getting a well drilled, spends $600 on that well and gets no water, then he should be allowed to charge that as an expenditure for that year, because he must make a capital expenditure to get another well drilled in order to get water. It seems to me that provision is most unfair.

Mr. Abbott: May I give my hon. friend a specific illustration of how this works with respect to a machine, for instance, because that seems to be the case which is causing some concern. Suppose he sells a particular type of farm machinery for $4,500. Suppose that represents $500 over and above the depreciated value of that machine, so that he would appear to have a profit of $500. Then suppose at the same time he buys a new machine for $5,000. He sets off the $500 against the $5,000 price for his new machine, and the cost of his new machine to start depreciating from is $4,500, so that he pays no tax on what would seem for the moment to be a $500 profit. This is a continuing operation. That is the way in which what I probably not too accurately referred to as the pool system of depreciation works in the case of a farmer or any other taxpayer. There would be no tax payable on the $500 as a profit. That is the point I am making in the illustration I have given. It would be used to write down the value of the new machine which he bought in its place. He does not take it into income.

Mr. Wright: Has the minister or his department consulted any farm organization with respect to this change in depreciation before writing the act? Will they consult with them before bringing in the regulations with respect to it, because I am sure they could get some valuable suggestions from them?

Mr. Abbott: I cannot answer my hon. friend as to whether organizations were consulted, but I am told that in the administration of these rates in the farming community, the department is in constant contact with the farm organizations, including the federation of agriculture and others.

Mr. Fraser: Mr. Chairman, back in 1947 the department got out a farmer's income tax guide. Last year there was not one published. I wonder whether—

Mr. Abbott: There was.

Mr. Fraser: I have not seen one. I see the Minister of National Revenue nodding his head. I wondered whether the department was going to get one out this year and put in it the a.b.c.'s that the Minister of Finance speaks of in this relieving clause. I feel quite sure that many of the farmers will be using the old income tax guide and they are going to be mixed up. There will be difficulties with the income tax inspectors and the farmers will be charged interest on taxes that they have not paid because they will not understand this clause. I think a book should be published as soon as the minister finds out what the regulations are.

Mr. McCann: The answer is that there was a guide put out last year, and one which will include what the income tax form will be will be put out very shortly.

Mr. Fraser: Will it have this new clause in it and the minister's a.b.c. explanation? He says it is as simple as that.

Mr. McCann: All the discussion that has been going on here tonight?

Mr. Fraser: Does the minister understand it?

Mr. McCann: It would have to be in two volumes.

Mr. Fraser: I wonder whether the Minister of National Revenue understands it.

Mr. McCann: Yes, I do.

Mr. Fraser: The minister is one man in the committee who understands it.

Mr. Abbott: Speak for yourself.

Mr. Herridge: I want to return to this question of tax on timber entirely liquidated. I want to give the minister one example that illustrates the point. I know of people who have held timber for forty years, owning the land and the timber. They paid taxes for forty years and cared for it. Theoretically

a man could sell that timber off the stump in one year and obtain $20,000 or $25,000, and in doing so he would in reality completely liquidate his capital. After he conserves that timber all throughout these years he is taxed on the total receipts. I ask the minister how he can justify that tax on capital depreciation.

Mr. Abbott: Well, of course, if he sold the land with the timber on it, that would be a sale of capital asset. If he did as my hon. friend suggested, sold it on a stumpage basis in one year he could be taxed on the receipts in one year, on his income less any expense he incurred. Presumably in the thirty or forty years that he has held the land he has deducted his expenses of carrying it as a deduction from income. I would assume that in these circumstances the taxpayer would endeavour to dispose of the land on such a basis over a period of time that it would not attract taxes in a single year. That would be the only common-sense thing for him to do.

Mr. Fulton: It seems to me that one of the greatest objections to the principle of this thing is that the government is setting the rules for depreciation. The department will set them by regulation, and if the department is setting the rules and is saying to the taxpayer, here is the rate of depreciation, here is the percentage by which you may write down your capital depreciation each year, then the department should stick with that, and it should not have the right to change at the end of the year when the taxpayer sells his equipment. They should not have the right to turn around and say, you will pay a tax on the excess of the selling price over the depreciated value, because they set the rate of depreciation. I wonder whether the department will consider giving the taxpayer a refund or allow him to make a further deduction from taxable income if he sells the equipment below—

Mr. Abbott: He is given that under the new system. My hon. friend has put his finger on one of the advantageous features of the new system.

Mr. Fulton: It did not come out in the minister's previous explanation.

Mr. Abbott: I said that. I think I said it twice this evening.

Mr. Fulton: If he sells the equipment at less—

Mr. Abbott: That is correct.

Mr. Fulton:—than the depreciated value—

Mr. Abbott: That is correct.

Mr. Fulton:—he can take that out—

Mr. Abbott: Correct.

Mr. Fulton:—from his taxable income.

Mr. Abbott: To attempt to make real depreciation obviously rates have to be determined, but they are average rates, and they are attributed rates, and when you see what the real result is, if it turns out to be that the rates of depreciation have been too high and that the capital value has not diminished to that extent, then too much has been taken and there is a tax on the balance. If on the other hand the attributed rates of 15 per cent or 20 per cent, as the case may be, prove to be inadequate then the taxpayer is entitled to claim his loss.

Mr. Fulton: Can the minister say where that is in the section?

Mr. Abbott: Mr. Chairman, it is not in the section. The principle is found in section 11, subsection 1, which says that the taxpayer is entitled to recover his capital in accordance with regulations to be determined by the minister. Under the old act it was discretionary. It was not in the act at all. It was discretionary. Now it is going to be spelled out in regulations. But the principle which underlies depreciation or obsolescence or depletion is that you are entitled to take as an expense an item representing the day by day, the month by month return of your capital through age, wear or use, and the principle is that you should not be taxed on income before you get your capital, at least that you should get your capital back, and that it is not true income so long as a portion of what you are receiving is a return of capital. In essence that is what a depreciation allowance is.

Mr. Fulton: Do I understand now that the minister says that either excess of selling price over depreciation or difference between selling price and depreciated value is on the one hand taxable and on the other hand deductible? Did I understand the minister to say that that principle is contained in section 11 of the act, or did I understand him to say merely that it is a principle which is to be worked out and applied in the regulations?

Mr. Abbott: That is a principle which is inherent in what I referred to as this recapture provision as a basis of depreciation. If you are going to recapture the profit you should give the man the benefit of the loss.

Mr. Fulton: I certainly agree with that. I wish the minister had made it clear to me before. It was not clear to me.

Mr. Abbott: This is the inadequacy of my gift of exposition.

Mr. Sinnott: I know the minister wants to be fair, but he has been a little bit dense about getting this machinery through. Nevertheless he has been fair. He has been trying to block up the holes in taxation. He says if a man bought a machine at $1,000 and depreciated it over a period of five years the machine is gone. Then if he turns around and buys a new one and gets credit of $500 on the old one he starts off with what he got on the other machine.

I come from an agricultural district and I am sure that the minister wants to be fair to all farmers. If a corporation or a man is in business and saves $100,000 he can go to the taxation branch and if he is the manager of that business he can get a fairly good compensation for being the manager of the business. Farmers are managers of their businesses, but I cannot see any section in this act which says that farmers are entitled to any compensation for being managers. There are thousands of farmers in western Canada who should be entitled to management compensation just the same as other people in business. I hope that when the minister looks at this in a fair way he will give them consideration.

The hon. member for Acadia spoke about farmers drilling for water and after having been put to considerable expense found that there was no water there and were not entitled to any consideration. I would ask the minister to give the same consideration to the farmers as he has to those who, under section 52, are exploring and drilling for oil. If he does that it will be quite fair.

Mr. Quelch: Would the minister reply to the point I raised about the well? When I asked my question he was busy arguing on the other matter.

Mr. Abbott: Would the hon. member repeat his question. I know it has been up before in the previous debate, so perhaps he would ask it again.

Mr. Quelch: Under the ruling of the income tax branch, if a farmer spends more than $25 on capital development he cannot show that as current expenditure. He must show it as capital investment. We will suppose a farmer drills a well at a cost of $600, and does not strike water. It is not an asset; but he is not allowed to show it as a current expenditure, and has to allow depreciation on it over a period of ten years. How can you depreciate something that does not exist? You have not got the well. He will have to drill another well, and when he drills that well it will be carried for ten years. But surely the well he drilled from which he got no water should be allowed as a current expenditure in that year.

[Mr. Abbott.]

Mr. Abbott: I shall have to discuss the matter. It is in the Department of National Revenue, and I do not know what the practice has been there. If a farmer spent $500 looking for water, and did not get the water, he would not have any asset to write off. He has just made an expense, for which he has no return. If he spent $500 and actually got a well, then he would have a capital asset. But that is not one which depreciates. Presumably, so long as nature continues to function, the well will continue as an asset, in perpetuity. He does not have to get back the capital, because his capital is undestructible.

Mr. Quelch: No, not in respect of a well. He would be lucky if he had a well which would last more than ten years. At the end of ten years he would probably have to put in a new casing or have to drill a new well. But my argument is that when you do not get water you should be allowed to show it as an expense, and it should be exempt for the full amount.

Mr. Abbott: I shall talk on that with the Minister of National Revenue. I can see some objection to allowing it as a current expense in the year in which it is incurred.

Mr. Macdonnell (Greenwood): I just wish to make one or two comments. We have had a very interesting, but not a very profitable hour, until about the last fifteen minutes, at which time I think the minister made a clear statement. We have been asked tonight to approve something sight unseen. The minister also says that he had not had time to review this matter and has asked us to take the view of certain people who, I have no doubt, are reputable people, whom he has referred to as accountants. No one has more respect for accountants than I have; but I do not think they are the only people in the world, and certainly they are not the people who should give judgment in these matters. Whatever qualifications members of the House of Commons may have, they are supposed to have some kind of rough and ready judgment; and they are the people who should take the responsibility in matters of this kind. To do that they should have the evidence before them.

The minister was frank enough to say that he has not even seen the regulations himself.

Mr. Abbott: They are not completed yet.

Mr. Macdonnell (Greenwood): If the minister had even come here and told us he had seen them and that they were all right, it would have been not so unsatisfactory. With that, I would add a final word, that we

were all in the same position, and even the minister did not know what it was all about, except in general terms.

I say when we come to this again there should be an occasion upon which the house through a committee, or whatever may be the best means, should have a chance to look at this very important matter, and should have evidence before it, and should not be asked to take the responsibility which we now take, as I said before, sight unseen.

Mr. Diefenbaker: I do not know how a regulation can be made to define the indefinable. I would point to one paragraph in subsection 3 which is supposed to clarify "total depreciation allowed to a taxpayer". If this is not a definition as impossible of comprehension as any ever produced in parliament, then I have never seen one impossible of comprehension. The paragraph states:

"Total depreciation allowed to a taxpayer"—

And that is what is being defined.

—before any time for property of a prescribed class means the aggregate of all amounts allowed to the taxpayer in respect of property of that class under regulations made under paragraph (a) of subsection (1) of section 11 in computing income for taxation years before that time;

I do not blame the Minister of Finance for saying he cannot define these things.

Mr. Abbott: There is nothing very complex about that definition.

Mr. Diefenbaker: It is not complex, do you say?

Mr. Abbott: No.

Mr. Diefenbaker: Well, just get a farmer to work that out, as to the total depreciation allowed to a taxpayer, under that definition! I do not know of a collection of definitions that ever equalled this one in incomprehensibility. The minister has said that we must not prejudge. I would ask him this—and for the moment I am speaking as the representative of an agricultural constituency. The farmer up to the present time has had an implement costing $1,000 on which there has been a depreciation for a period of three or four years, with the value of the implement now standing at $500.

Mr. Sinclair: That is the written-down value.

Mr. Diefenbaker: Down to $500.

Mr. Abbott: That is the written-down value.

Mr. Diefenbaker: He turns it in on another implement for $600. Is it not a fact that up to the present time he has not been liable for income tax on that $100?

Mr. Abbott: That is right. And up to the present time, had he had a loss of $300, he could not claim that either.

Mr. Diefenbaker: We are talking about a gain. I say therefore that there is a very pronounced change made here, and that so far as the farmer is concerned—and I am using him only as an example of all classes—it means that farmers throughout the country will find themselves in a position where they will be taxed on what in effect heretofore has been a capital gain. This affects Saskatchewan particularly, because Saskatchewan is one province in which the farmers pay tremendous income tax.

That is what it amounts to. I am not for one moment dealing with the question of losses. This in effect is the first time parliament has made a provision for the taxation of capital gain, and this may well be the thin edge of the wedge in that direction. That is why it deserves consideration. While the minister says that all we do is to make some minor change, in effect by these provisions we are altering our system of taxation and, as regards the example I have brought to the attention of the committee, we are placing a tax upon what heretofore has been a capital gain.

The minister has said, "Do not prejudge us." I say if the farmers of western Canada had known what he meant when he read the statement upon the introduction of his budget last spring, and which he re-read this evening, there would have been an altogether different reaction toward this matter.

This is a change which cannot but arouse antagonism, for it is a change in the system of taxation, and will mean a larger amount of taxation payable by the people of this country who are affected by this provision.

The expression the minister used is that it is a recapture. It is more than a recapture; it is the first capture of a capital gain in this country. It is for that reason I suggest it be held in abeyance and not brought into effect. It is not just simply a method of altering the system of depreciation. It is in effect a form of additional taxation, and one that merits the consideration of members on all sides of the house. It is a change. It is all very well to say that losses may also be subtracted, but in so far as gains are concerned it is a capital gains tax.

Mr. Fleming: If I may say so, the minister did not completely answer the last question I asked him some time ago about the option he is proposing to extend by regulation to taxpayers in connection with the particular method of depreciation they are to set up for

fiscal periods ending before January 1, 1950. By the time the statute is adopted and printed, and by the time the regulations are made, printed and circulated, it will be surprising if it is very much before the end of 1949. Then if it takes people time, as it certainly will, to digest, analyse and try to understand the law and the regulations, the option the minister is offering to them will be meaningless this year unless the minister is prepared to extend beyond January 1, 1950, the option he proposes to make available to taxpayers as to the method of depreciation for fiscal periods up to January 1, 1950.

Mr. Abbott: I do not know just what my hon. friend wants me to deal with.

Mr. Fleming: It seems to me the minister is going to have to extend the period for applying the option.

Mr. Abbott: If it is necessary that will be done. I do not think there is any question about that. I said a moment ago I felt sure taxpayers would be given ample opportunity to decide which of the two bases it is in their interests to adopt. Every reasonable time will be given to them to do that. I do not think my hon. friend need have any concern that there will be any difficulty on that score.

Mr. Smith (Calgary West): Don't be so impatient.

Mr. Abbott: I did not think I was impatient. I was just trying to be explanatory.

Mr. Smith (Calgary West): Your voice was impatient.

Mr. Fleming: I come back to the subject of the capital tax which I mentioned some little while ago. It seems to me that the Department of National Revenue must initially take the responsibility for saying what is a reasonable rate of depreciation, one that they will allow. Having done that, surely it is only reasonable that the department should stay with that rate of depreciation. If the taxpayer later on sells the depreciated article for more than the written-down value on his books, then why on earth should the tax-gatherer step in and lay his hands upon the excess? It comes back to this, that the department is saying that they allowed too much depreciation.

In the first place it seems to me it is the responsibility of the department to set such a rate of depreciation as will be fair. Having set that and enforced it for whatever period of time is in question, surely they should be satisfied to leave it at that. What is involved here is a great deal more than that. The government is not contenting itself with saying: We are going to set up a new method of depreciation. The Department of National Revenue is not going to content itself with simply setting a rate of depreciation. If they guess low then they are going to follow the asset when sold, and lay their hands on what is a capital gain. The hon. member for Lake Centre is perfectly right in saying this represents the first time parliament has undertaken to tax a capital gain.

When I mentioned this matter earlier this evening I gave a simple illustration. John Jones buys an article and he sells it at a profit. In effect that is a capital gain. He is not taxable on it unless he is in the business of buying and selling articles of that class. The minister says: Oh, well, the difference here is that you are introducing depreciation. Let them introduce their depreciation, but let them stop at depreciation. They set the rate, and if they do not set it at a proper figure, then surely the proper course for them to follow is to set a proper and reasonable rate. Let them revise their rate, and not follow the asset when sold and tax a capital gain. It is a vicious principle, and one that has never been recognized by parliament before. As has been mentioned here, it is going to affect farmers. Actually, it is going to affect every taxpayer in Canada into whose calculation of income depreciation enters in any form, because the moment that he sets up depreciation he has invited a capital gains tax.

Mr. Abbott: I have one observation. I do not want to hold up the committee, but one of the things we have been urged most strongly to make provision for is obsolescence, which has never been allowed before. I know of no way in which one can make provision for obsolescence except by setting maximum annual rates of depreciation which cannot be other than arbitrary, and can only represent an intelligent guess as to what will be the depreciation or obsolescence in that year, and if those expectations are not realized either take the excess back into profit or allow less to be charged. This is not a capital gains tax. It is the system which has been followed under the income tax provisions of the United Kingdom where capital gains have never been taxed, in the same way that they have never been taxed here. One of the things we are trying to accomplish by the changed system is to allow for obsolescence. This is the only way that I can see in which it can be done.

Mr. Wright: I should like to place another example before the minister and ask him what he thinks about it. We will say I invest $5,000 in a house, write off 5 per cent depreciation for ten years, and then sell the house for more than I paid for it. That is a capital gain, and I do not pay any tax on

the amount. On the other hand, if I invest $5,000 in a piece of farm equipment, the price of farm equipment rises over the years, and I then sell that piece of farm equipment, you say it is not a capital gain and that it is taxable. I think the same rule should apply in both cases.

Mr. Abbott: It does apply in both cases if depreciation is taken on the house. As my hon. friend knows, one cannot claim depreciation as an expense on the house in which one lives. If it is a rented house you can claim depreciation at whatever the attributed rates are, 5 per cent or 7½ per cent. We will say the depreciated value of the house is $6,000, written down from $9,000, and that it is sold for $7,000. In effect it will have been over-depreciated, and there will have been a greater amount claimed as a deduction from income than should have been claimed. The $1,000 will go back in. In most cases it does not apply to private residences; it applies to machinery, equipment, business premises, and that sort of thing.

Mr. Harkness: I wonder if the minister can explain to us what the situation will be as to farm buildings under the new system so far as depreciation is concerned. Let me take a specific example. We will say a farm is purchased for $20,000. The buildings on the farm cost the original owner $10,000 to erect. He has depreciated them until their value, so far as he is concerned with the income tax people, is $500. The man who buys the farm figures the buildings are worth $5,000, and he estimates that of the $20,000 he paid for the farm $15,000 was for the land and $5,000 for the buildings. What is his situation under the new system so far as depreciation on the buildings is concerned? Does he have to put them in at $500, does he put them in at the $5,000 he figures they are worth to him, or does he put them in at replacement cost which at present prices would be $10,000?

Mr. Abbott: I would think the figure he would put them in at would be the portion of the price which he has paid that can be reasonably attributed to the value of the buildings. That would be the fair value of these buildings. My hon. friend gave an example of $20,000 for the land and the buildings. The fair value for the buildings would be $5,000. He would put those in at $5,000 and depreciate on that figure. The rest would be land, of course, which does not depreciate, so he would not claim anything there.

Mr. Harkness: The minister says he thinks that would be the case. Does he know?

Mr. Abbott: The matter of the fair attributable value would be a question of fact. If there were a dispute between the taxpayer and the income tax department it would be settled by agreement or by the income tax appeal board and then on to the exchequer court; but the question as to the proportion of the price fairly attributable to the buildings as distinct from the land would be a question of fact.

Mr. Harkness: It has nothing to do with the depreciated value?

Mr. Abbott: No.

Mr. Smith (Calgary West): The minister is completely wrong with respect to provinces where they have the Torrens system of land holding. In that case the registrar of the particular district in which the lands were situated just would not pay any attention to the principle you are talking about. The provincial tax would be on the value of the buildings at the time they were purchased, so the man in that case would be soaked both ways. Under your scheme he might pay very little but in provincial taxes he would pay a tremendous amount, because the actual or replacement cost of these buildings would be taken at so much and the land at so much. So you are going contrary to the established practice where the Torrens system applies.

Mr. Abbott: I suppose that is a provincial tax on the transfer, the land and building value?

Mr. Smith (Calgary West): Yes.

Mr. Abbott: My suggestion is that the value the new purchaser would place on the buildings for purposes of depreciation would be the fair portion of the purchase price he paid which would be attributable to those buildings.

Mr. Smith (Calgary West): I had forgotten the name of it, but now I remember it is called the assurance fund. In all provinces where the Torrens system applies they have something called an assurance fund, which is in direct contradistinction to the principle we are discussing now. So a purchaser would pay in perhaps two ways, under the law in a province where the Torrens system applies and under the system the minister is describing. I am quite sure many difficulties will arise. Knowing the minister, I am sure he will get his share, and the province will be called the blood sucker in the picture. The individual will suffer, whatever name he is called.

Mr. Quelch: I want to bring up another case, just to round out the argument. A farmer goes to a sale and buys a second-hand machine for $2,000. The age of the machine does not matter. He uses it for a few days, finds it unsatisfactory and puts it up for sale

again. This time he gets $2,500 for it, so he makes a profit of $500. What happens to that $500?

Mr. Abbott: If he has claimed no depreciation on the machine that money would not be taxable at all; it would be straight capital gain.

The Deputy Chairman: Shall the section carry?

Some hon. Members: On division.

Section agreed to.

On section 8—*Transitional provisions re depreciation.*

Mr. Abbott: I have a short amendment which I shall ask my colleague to move, to add subsection (5) in order to include matters which previously were called depletion. It is purely a technical amendment which was overlooked in the drafting of the section. It reads:

That clause 8 of the bill be amended by adding the following as subclause (5):

(5) Reference in this section to depreciation shall be deemed to include a reference to allowances in respect of depreciable property of a taxpayer made under paragraph (a) of subsection (1) of section 5 of the Income War Tax Act.

Mr. Fournier(Hull): I move accordingly.

Amendment agreed to.

The Deputy Chairman: Shall the section as amended carry?

Mr. Smith (Calgary West): On division, because I do not know what the amendment meant.

Section as amended agreed to.

Section 9 agreed to.

On section 10—*Computation of taxable income.*

Mr. Diefenbaker: As the result of a letter which I received since we started to discuss this matter I should like to ask the minister for a ruling. This is the case of a married man living separate and apart from his wife, as he has been for a number of years. Is a person in that position entitled to the married exemption or the single exemption?

Mr. Abbott: The position, apparently, is this. If he is maintaining a self-contained domestic establishment in which he is supporting someone connected with him by blood relationship, such as children, he would be entitled to the married exemption. If he is simply supporting his wife and paying her maintenance, for instance, he gets the single exemption but can claim as a deduction the alimony he is paying, if that alimony is paid pursuant to an order of a court.

Mr. Diefenbaker: Let us say he operates a self-contained establishment but that his family have grown up and left. His wife does not receive alimony from him; she lives apart and maintains herself. Is he then allowed the married exemption or only the single exemption?

Mr. Abbott: In that case he is considered a single man for taxation purposes.

Mr. Smith (Calgary West): Does this clause result from a decision of the Supreme Court of Canada which recently went against the department in its collection of tax with respect to a man and his wife who had some income of her own?

Mr. Abbott: No. This clause simply increases the exemption from the previous $1,500 to $2,000, and so on. The question asked by the hon. member for Lake Centre was in regard to the position of a married man living apart from his wife. The ruling I have explained was introduced in 1943 or 1944, I think, certainly five or six years ago, during the war.

Mr. Smith (Calgary West): At the risk of being a trifle out of order may I ask if in these amendments you are trying to get away from a decision by the Supreme Court of Canada with respect to a man and his wife who had a separate income?

Mr. Abbott: I am told I can assure my hon. friend that is not the case.

Section agreed to.

On section 11—*Medical expenses.*

Mr. Fraser: In line 12 I see the words "a twelve months period ending in the taxation year." That would mean a period ending any time during that taxation year?

Mr. Abbott: That is correct.

Mr. Fraser: It would not matter as long as it included twelve months?

Mr. Abbott: That is correct.

Mr. Fraser: And from that point another twelve-month period would commence?

Mr. Abbott: That is correct.

Mr. Fraser: While I am on my feet I should like to ask for a definition of paragraph (c) where I find the words "was totally blind at any time in the year or was, throughout the whole of the year . . ." I should like to know the definition of "totally blind". I ask this question because there are many people who are not what they call totally blind but who still require someone to help them around They have some sight, but very little Whose say-so do you go by?

Are those the people who are registered with the Canadian National Institute for the Blind?

Mr. Abbott: I believe that is the case, but I would have to verify that statement. The deputy minister who is in front of me is not quite sure on that, but he believes it is the one issued by the national institute for the blind. There is some test applied by that institute which is accepted for the purpose of this section.

Mr. Fraser: Then, the taxpayer would have to have a certificate from the national institute for the blind before claiming exemption? I believe there is another blind association, but the department does not accept a certificate from anything but the national institute; am I correct?

Mr. Abbott: I would not be sure, but the department certainly accepts the certificate from the national institute for the blind.

Mr. Fraser: That is the only association from which you do accept it?

Mr. Abbott: I would have to verify that, but I think that is probably correct.

Mr. Fleming: I am sure that the house is glad to see the changes that are being made in connection with the definition of allowable medical expenses. I should like to raise again the two subjects that I have raised several times in previous sessions in connection with this matter of allowable medical expenses.

The first concerns eyeglasses. Parliament has made provision for the allowance of the cost of aids to hearing as a deductible medical expense; that provision has existed for several years. We are now allowing aids to those who are crippled, artificial limbs and wheel chairs. I contend there is no distinction in principle between an aid to hearing and an aid to seeing. Nevertheless, as the law is administered today, the department will allow the cost of an aid to hearing, but will not allow the cost of aids to seeing. It seems to me that is an altogether illogical and unfair stand. The matter has been before the minister, and I would urge that before parliament meets again, he give the subject favourable consideration, and submit amendments which will permit those who have to make outlays for aids to seeing to deduct those as medical expenses.

The other point has to do with the purchase of drugs and medicines. Everyone knows quite well the discrimination which exists against city residents in this respect. When a physician prescribes drugs or medicines, fills the prescription himself and includes the cost of the drug or medicine in his account, the department admits it as a medical expense. If, as is the custom in urban centres, the physician simply writes a prescription which the taxpayer takes to the pharmacist, who fills the prescription, and charges separately for it, regardless of how much the taxpayer may have to spend on the necessary medicines and drugs, he is not permitted to have one cent deducted as medical expenses. Again that seems to me illogical and thoroughly unfair. It seems to me that situation has been allowed to continue quite long enough. I urge the minister to submit amendments at the earliest opportunity at the next session which will eliminate that unfair feature.

Mr. Low: I should like to say a word on subsection 6 of section 11. I am not opposing the section, but a change is being made to provide for those in religious orders, and I should like assurance that it will be applied without any discrimination. I should like assurance that it will be applied carefully enough to ensure that no loopholes are taken advantage of for the purpose of avoiding the tax. In order to secure some information, I should like to ask the minister two questions. What is the definition of the term "religious order"? Perhaps if he will answer that, then I can frame my next question.

Mr. Abbott: I think the definition would be a member of any recognized religious community, if that is a better term, or recognized religious denomination. This section is introduced because of certain special circumstances which have arisen. The committee will recall that the ordinary limitation on making gifts to charity stands at ten per cent of a person's income, but there are certain religious orders who receive no income as such, the members of which have to act as teachers. They are paid because of the fact they are teaching for a public school board. They do not keep these fees themselves, but give them to the order. Provided they are members of these orders or denominations which have, as the term says, taken a vow of perpetual poverty, this section enables them to turn that money over. It applies to a comparatively small group, and there have been some rather hard cases, so it seemed the sensible thing to do.

Mr. Low: In order to illustrate to the minister what I have in mind, I would recall to him the religious order known as the Hutterites. I believe that they pay income taxes. I think I am quite safe in saying that they do pay income tax on the total income of that colony or religious community.

Mr. Abbott: I have to inquire because that is not my department, but I am told that

individuals of that particular group pay income taxes on the amount which they are paid for the work which they do.

Mr. Low: In addition, sir, I think you will find that the community itself does pay a lump-sum tax on the total of the community income. I administered that regulation for the Alberta government for some years before you took it over, sir, and I understand that you do the same thing. These Hutterite colonies are now within the definition the minister has given of religious communities or orders. It is for that reason they organize themselves as they do. Every member has taken what amounts to a vow of perpetual poverty, because not one of them draws anything more than his board and bed.

What I want to point out is this. Will the Hutterite colonies have to be told by anybody that, if they just change their procedure a little bit, and at the end of the year apportion to each member of the community his share of the year's increase and then say simply, in accordance with your vows of perpetual poverty, you give it back to the community, they can bring themselves within the provisions of this subsection, and apply for exemption from taxation? I just wanted to point that out to the minister.

One other thing: I believe the minister will find that certain Doukhobor colonies across this country are organized on a similar basis. I believe there are other religious communities, and I know of one in particular, in which the members have gone so far as to take a vow of perpetual poverty. They have concentrated not only all their money, but I believe would even give their life for their religious community. Under such circumstances, they might, by a slight change in their procedure, come within the terms of this section and claim exemption from taxation.

Mr. Abbott: I am glad the hon. member has brought this matter to my attention. In preparing the section, I had not thought of it. I think, perhaps, I shall give some consideration to the circumstances he outlines. If there is any difficulty, no doubt we should make the proper amendment in the language of the section, and I think we can do that in the next budget. In drafting this section, it was intended to provide for certain special cases, but perhaps the language of the section could be made either more general or more restrictive, I do not know which. It was not intended to meet the cases the hon. gentleman mentioned. I have some doubts as to whether it would, but if there is any question—

[Mr. Abbott.]

Mr. Low: My only concern was to make sure that what we were doing would leave no loopholes.

Mr. Abbott: Quite so. I am anxious to accomplish the same result.

Mr. Smith (Calgary West): I must have a word on this matter, Mr. Chairman. If the minister can do anything in the world to make these Hutterites decent citizens of Canada who will pay their way, I am with him. They are the most useless outfit that was every imported into this country. They are no good to anybody. They grabbed every ranch with some water on it in the province of Alberta. I compliment the province of Alberta and Mr. Manning for spacing them so far apart that they can never get a new colony. I am with you, no matter what you do against these people who never will become citizens of Canada.

Section agreed to.

Sections 12 to 16 inclusive agreed to.

On section 17—*Dividend deduction.*

Mr. Fraser: This exemption on common and preferred shares does not lose its identity when it goes into an estate or trust, does it? If those are carried by an estate or trust, it does not lose that identity?

Mr. Abbott: No. There are appropriate provisions later in this bill, which is another reason why the bill has to be a little bit longer. When it is carried through a personal corporation, an estate or trust, they get the benefit of the tax credit.

Section agreed to.

On section 18—*Rate.*

Mr. Abbott: I have a technical amendment to make the repeal of section 37 effective. It is a kind of drafting amendment. I will ask one of my colleagues to move it.

Mr. Fournier (Hull) moved:

That the words "Section thirty-six of the Income Tax Act, as enacted by this section," and the commas, appearing in the first and second lines of subclause 2 of clause 18 of Bill 176 be deleted and the words "this section" substituted therefor.

Amendment agreed to.

Mr. Macdonnell (Greenwood): I am appealing to the minister that, after all the refusals he has given us, he should now let us have a crumb from the table. I want to read to him quite briefly what he said in his budget speech last March. In announcing the section which it is now sought to repeal, he said this, as reported at page 1798 of *Hansard*:

At present we have a flat rate of 30 per cent on all corporate profits. I am recommending that this 30

per cent be reduced to 10 per cent on profits up to $10,000 and increased to 33 per cent on profits in excess of $10,000. The house will at once recognize this as tax relief for small businesses and will, I trust, be heartily in accord with the policy.

I think the house was. We in this party had advocated the very same thing and we were naturally in full accord. The minister continued:

Our country as a whole owes a great deal to the small family type of business. They have to struggle along, grow and develop in competition with large and well-financed corporations whose activities may be nation-wide. My own belief is that small businesses should be encouraged and it seems to me that a useful way to do this is to lower the tax and take less out of the funds they need for growth and expansion.

I call your attention to this, Mr. Chairman, the minister continued:

All corporations, regardless of size, will, of course, receive this relief on the first $10,000 of profits but, as I have said, the rate of tax on profits in excess of this figure will be increased by 3 per cent.

Now we have this amendment changing what was then contemplated, what we had welcomed and what I still think was a wise provision. I understand the reason for the change. As always happens, there are certain people trying to take an improper advantage to which they are not entitled; but I am still confident that the minister and his staff can, as I said in the other case, prevent improper advantage being taken of it. I think it will be a most unfortunate thing if this section is watered down to the point where it will be of little value. The provision as now introduced, whereby related companies will be regarded as if they were only one company, and only one of the related companies will have this $10,000 provision, is, I submit, going to destroy the effect of the section. I hope that the minister will be prepared, as I say, to exercise his ingenuity and that of his staff to prevent invasions of it and to preserve this highly beneficial provision which we were just on the point of getting. In other words, I hope that it will not be still-born.

Mr. Abbott: This is a section to which we have been giving a good deal of care and thought. From the very outset we realized that we would have to insert in the act a provision to prevent the splitting up of large companies in order to take advantage of the 10 per cent rate. For instance, a chain store could incorporate all its stores as separate entities and get the benefit.

At the very outset, when I made my budget speech in March, we contemplated that the legislation would contain an appropriate provision with respect to related companies. Possibly the section which is contained in this bill is a bit more rigid than it needs to be; I am not prepared to say that it is and I am not prepared to say that it is not. Over the last two or three months I have received many representations, and some highly constructive ones too, from various taxpayers. Certain suggestions have been made. The principal one was that we should consider those companies which were created prior to the adoption of the act as one group and not apply this rule to them. But that does not commend itself to me, and I am glad to see that the hon. member for Greenwood shakes his head.

It is an important question. It is a new thing; it is a new departure. It has never been tried either here or in any other country before. I finally came to the conclusion that, before I make a definite change, I want more time to consider the possible alternatives. Two or three have been suggested. I have not been able to convince myself that any one of them is the proper one. But the undertaking I would give to the committee is this. Between now and the time we introduce the 1950 budget I will see if we can work out a more satisfactory section. Since 1949 is the first year that the section will operate, there can be no objection to making any amendment which it was decided was desirable apply to the 1949 period. In other words, I should like to leave the question open for another two or three months in order to enable me and my officials to see if we can arrive at some more satisfactory solution, if one can be found. I readily give that undertaking. I have a completely open mind on the matter. I hope we may be able to find an amendment that will give the protection which I think is needed against abuse and yet that will enable the legitimate case to get the benefit of the section.

Mr. Macdonnell (Greenwood): May I make one suggestion to the minister? I rather blush to make it because I have often talked in the house against discretion. But in order to get the benefit of this provision and to give it a fair start and until perhaps a more detailed protection against breach can be found, would not the minister consider using words to indicate that the minister shall have a discretion in those cases in which it is perfectly clear that an invasion of the act is intended? I do not think it would be difficult. It seems to me that no large company would dare to break itself up if it knew it had to face this test. With regard to small companies and new corporations, surely common sense would decide the thing. Where there is actually a separate enterprise that surely is the test.

Surely it is not really a test of shareholding; it is a test really whether there is a separate enterprise which is going to aid production in this country. I think that is what the minister had in mind when he made his speech last March. It seems to me it would be a great pity if his proposal is to be almost still-born by being hedged about in this way. Incidentally I think the section is going to be very difficult to administer. I do suggest to the minister that the loss to the treasury is going to be trivial. How many of these can you imagine taking place in the next few months? If you let your imagination run it could extend perhaps to say only a few hundred. The difference that you would lose as between the 10 per cent and the 33 per cent would be $2,300 a company. So if you had a thousand of them it would only be $2 million. It does seem to me—

Mr. Abbott: What is $2 million?

Mr. Macdonnell (Greenwood): I am using an outside figure. I do not believe there would be a thousand, I do not believe there would be a hundred. I am giving the minister an outside figure to show what I think it is.

Mr. Abbott: I thank my hon. friend. I will give consideration to every possibility here and I hope I shall be able to find a satisfactory solution. A number of suggestions have been made. As I say, I have not been able to convince myself yet that any one of them is the proper one. I have found from experience in these matters that unless you get something that is logical and sound in principle you get yourself into more trouble than you cure. Therefore I hope the committee will accept my assurance that between now and the time we have to look at this act again in the next few months I shall consider every alternative and see if I can improve the section, and of course any improvement will be made effective to the first period to which it applied, namely, the 1949 period.

Mr. Macdonnell (Greenwood): I do want to say one thing more.

Mr. Abbott: I would be against the discretion, I must say.

Mr. Macdonnell (Greenwood): If the minister can find any other way I would prefer it. I do want to remind him of the very ample assurance which he did give last March.

Mr. Harkness: I am glad to hear the minister say that he is going to give this further consideration. I have had some representations from coal operators in Alberta who believe that this will work considerable hardship on them. There are a number of comparatively small mines there which are subsidiaries of or related to other companies, or the stock is held by another coal mining company. For the most part these small mines in Alberta have had a rather difficult time to keep going as things have been. The application of this section to them is going to make it more difficult. I would hope that the minister would be able to find some formula whereby concerns of that kind which have been in this subsidiary or related position for a considerable period of time would not be penalized as a result of this new legislation.

I quite sympathize with and approve of the fact that there must be some means of preventing a large company from breaking down into small branches in order to escape taxation. But these small companies that have been in this position for a considerable period of time are not the ones to which the minister referred. I do believe that they require some consideration. There is also a precedent for that in the excess profits tax which was imposed during the war. I believe that companies which were also subsidiaries and so forth were in somewhat the same position as I have described. The excess profits tax did not apply to them and their parent company. But if the parent company was broken down it did apply to the whole thing. I think that something along the lines of that precedent might be applied so far as this section is concerned.

Mr. Abbott: I shall study my hon. friend's representations.

Mr. Smith (Calgary West): I want to ask one question. The minister was very frank, as he always is, and said that he has not made up his mind with respect to the cure of the evil which he has in his mind.

Mr. Abbott: If there is an evil here.

Mr. Smith (Calgary West): The minister enforces me greatly in what he has just said. If there is an evil, he is going to consider it. Would it not be better, Mr. Chairman, to consider that evil until a couple of months from now and then bring in legislation rather than do what is being done now, namely, bringing in legislation which the minister frankly admits he does not know is proper legislation or not?

Mr. Abbott: No, I do not admit that. This is a new principle, and it is a very sound one, but the detail may be subject to improvement.

Mr. Smith (Calgary West): Mr. Chairman, I am sorry that I misunderstood the minister. I must frankly say that it was either my inability to understand or his inability to explain. The thing lies there somewhere

Mr. Abbott: Fifty-fifty perhaps.

Mr. Smith (Calgary West): The principle that I am trying to enunciate is this. The minister frankly admits that he does not know whether this is the proper remedy for the difficulty. Would it not be better for him to use the great brain that he has and all the assistants that he has, building up to the great epitome of the brains of the country, and leave the thing alone and not legislate about it until he knows what he wants to do? That is his position now.

Mr. Abbott: He knows perfectly well what he wants to do. He wants to have a rate of 10 per cent on the first $10,000 and 33 per cent for the larger companies. In the case of those so-called related companies, numerous subsidiaries, which represent a very small proportion I may say of the total companies who will get the benefit of this legislation, we might be able to evolve a little better rule. I do not say that we will, I am not admitting we will; I may find next spring that this restrictive provision will stay. If I can find that I can properly relax it I will; if I find I cannot, I will not. In the meantime I think the beneficial parts of it should be allowed to stand. I am not admitting for one moment that the law is defective. It is in principle a new departure, something that has never been tried so far as I know in any other country before. We shall proceed to some extent with the process of trial and error and see how it works.

Mr. Smith (Calgary West): Does the minister not think that the process of experimentation should be more confined than it is now? Leave it to the great brains which the minister has beside him, in front of him, behind him and all around him. He looks like the charge of the light brigade, except that the light brigade knew where it was going and he does not. He is suggesting that he does not know whether he is going to do a great good by taxing these dishonest corporations which are breaking themselves up into small units, or whether it will be more difficult for the honest little fellows who have lived all their lives within the law. It does seem to me that until he has a better answer than that to give to the House of Commons the legislation should not be proceeded with. He speaks about trial and error. I think he will find it more error than trial. Until he has made up his mind about something he should not say to us that he is going to try it on the dog. The dog may be dead by the time we come back next year. That is exactly the position which the minister has taken. Trial and error! I love good phrases. That is a wonderful one. He is hiding behind that at the moment. I think if he would just let his new departure go for a month or two he might be better off and I think the country would as well.

Mr. Abbott: I will just say one more thing. This clause will do exactly what I intend it to do, Mr. Chairman, as it stands. It may do a little more than I intend. If it does I will correct it. If that is the case I will correct it. It will certainly do what I intend it to do, as it stands now.

Mr. Smith (Calgary West): It could be confusing to an awful lot of little people.

Mr. Abbott: And it will benefit the little people. It may not benefit people who have five or six or seven companies with a profit of $10,000 or less. But perhaps they cannot be categorized exactly as little people.

Mr. Smith (Calgary West): I know what your difficulty is; there is no question about it. Some of these big shots are splitting themselves up into splinter companies. It is all right to take care of them, and we will all be with you. But is it not just a little drastic at this moment, for that one reason, to turn on them now? You can make it retroactive if you wish; you have a big enough majority to do it.

Section as amended agreed to.

On section 19—*Foreign tax deduction.*

Mr. Abbott: There is an amendment to move here. This is a technical section which looks rather impressive on paper, but is actually very simple. This amendment is consequential upon the amendment in section 13 of the bill, under which a new procedure is established for the taxation of persons resident in Canada only part of the year. The new rule is of course, as hon. members see, that it is prorated for the time they are in Canada or away from Canada.

Mr. Fournier (Hull): I move:

That paragraph (b) in subclause one of clause nineteen of Bill 176 be deleted and the following substituted therefor:

"(b) that proportion of the tax for the year otherwise payable

(i) that part of the taxpayer's income

(a) for the year, if section 28 is not applicable, or

(b) if section 28 is applicable, for the period or periods in the year referred to in paragraph (a) thereof, from sources in that country that was not exempt from income tax in that country minus amounts that are deductible for the year or such period or periods, as the case may be, under paragraph (d) of subsection (1) of section 27, is of

(ii) the taxpayer's income

(a) for the year, if section 28 is not applicable, or

(b) if section 28 is applicable, for the period or periods in the year referred to in paragraph (a)

thereof minus amounts that are deductible for the year or such period or periods, as the case may be, under section 27.";
and that the word "of" in the twelfth line of subclause two of clause nineteen of the bill be deleted and the word "on" substituted therefor.

Amendment agreed to.

Mr. Black (Cumberland): Is this retroactive? I have a complaint with respect to the year 1947, which accounts are not yet settled, where a person moved to the United States and has paid income tax in that country. He is now being charged for 1947. At the same time he has paid as a resident of the United States, where he is on a pay roll.

Mr. Abbott: I am happy to assure the hon. member that this is not retroactive. It applies to the future, not to the past.

Section as amended agreed to.

On section 20—*Trusts or estates.*

Mr. Fleming: What is the reason for shortening the period for the filing of trustee returns?

Mr. Abbott: There are now two forms, the information return by the estate or the trust, and the tax return. They are to be combined in one form, and the information return and tax return filed at the same time. It is all filed at the time the information return was filed before.

Mr. Fleming: Is there any reason for doing it this way? It will shorten the time for filing the tax return.

Mr. Abbott: I am told that in the new form when anyone has made out his information return it is simply a matter of filling out one more space, and he at once has his tax liability.

Section agreed to.

Sections 21, 22 and 23 agreed to.

On section 24—*General.*

Mr. Fleming: This again raises the question of imposing a penalty by way of interest on amounts found to be owing when a return is assessed.

Mr. Abbott: No, we are wiping that out.

Mr. Fleming: The department is reducing the period from 20 to 12 months. That is the period after which the return was actually filed. There was some discussion at the resolution stage as to what constitutes the date of assessment. There are actually two forms going out at the present time known as assessments. There is the form brought into use in the present year, which purports to be an assessment of returns filed on or before April 30, 1949. Many people have been misled by that assessment into thinking that that is their final assessment on their 1948 income.

Mr. McCann: If the assessment is correct, it is.

Mr. Fleming: That is only a provisional assessment. Many people were amazed at the rapidity with which assessments followed upon the filing of their returns for the year 1948. Actually, my understanding is that that is not the final assessment. Those returns are open to assessment at any time, quite apart from the long-standing provision in the act in regard to the opening up of an assessment for any reason at the option of the department. Will the minister indicate just how he is going to apply this provision, and how the interest is to be calculated?

Mr. Abbott: Under the old section which is now repealed, and for which this section is substituted, there was a penalty interest rate of one per cent on amounts due after assessment. That penalty of one per cent is eliminated now, and the same rate applies both before and after.

Mr. Fleming: I think the Minister of National Revenue might be able to tell us what progress is being made now in the reduction of the backlog of returns. Statements have been made from time to time indicating that reductions have been made in that large backlog.

The Deputy Chairman: Would there not be another occasion for the hon. member to ask that question?

Mr. Fleming: This would be a most convenient place to do so, when we are dealing with the question of arrears. We have always asked the question at this point. The Minister of National Revenue may be able to tell the committee now what progress has been made in reducing that backlog. I was about to say that the last time this matter was considered in the house the number of returns in arrears was more than 2,000,000, and there was a substantial number more than five years in arrears.

Mr. McCann: Very substantial progress has been made with the backlog. By the end of the current fiscal year, that is by the end of March, all assessments for previous years will have been made, and the taxation division will then be on a current basis.

Section agreed to.

Section 25 agreed to.

On section 26—*Municipal or provincial corporations.*

Mr. Abbott: I have an amendment to this section. Perhaps we had better call it eleven o'clock.

Section stands.

Progress reported.

MISCELLANEOUS PRIVATE BILLS

Fourth report of standing committee on miscellaneous private bills.—Mr. Winkler.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we will take up first Bill No. 221, an act to amend the Customs Tariff. Then we will continue with Bill No. 176, an act to amend the Income Tax Act and the Income War Tax Act. When these two bills have been passed, we will move to go into supply and take up the estimates of the departments of fisheries, national revenue, transport, health and welfare, reconstruction and supply, post office, and mines and resources. We will begin with fisheries and then continue with national revenue. Later tomorrow I will tell the house as to the order of the others. I am not sure what ministers will be available.

Mr. Smith (Calgary West): I did not hear you say justice.

Mr. Fournier (Hull): No, I did not mention justice.

Mr. Casselman: You might as well throw it in.

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

APPENDIX

RENT CONTROL—FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

Saskatchewan
PREMIER'S OFFICE

Regina, November 29, 1949

Hon. Douglas C. Abbott,
Minister of Finance,
Ottawa, Ontario.

Dear Mr. Abbott:

Re rent control

Thank you for your letter of the twenty-third instant stating that the federal government is willing to amend orders 813 and 814, which provide for the recent rent increases, so that they will be inoperative in Saskatchewan. The Saskatchewan government is pleased to know that the federal government is prepared to co-operate with us to this extent. However, you will remember that our proposals were contingent on adequate assurance being received that our legislation will not be declared invalid by the Supreme Court of Canada. You stated, "I am advised that there is no reasonable doubt regarding this point and that a reference to the supreme court is unnecessary."

With due respect, as there is a difference of opinion as to reasonable doubt, we would again request that the question be submitted to the supreme court for a ruling. This point should be made absolutely clear in order to safeguard the interests of both the landlord and tenant. As the question of jurisdiction is already being referred to the supreme court, there seems little reason why a second reference should not be made.

If it is decided by the supreme court that the federal government has jurisdiction at the present time, it does not necessarily follow that by rescinding your power in regard to one province, the legislation that province enacts will be valid.

Frankly, my government cannot understand your reluctance to obtain a ruling. No constitutional lawyer can be certain on a point of this kind, which has never received judicial consideration. Landlords and tenants are entitled to every reasonable guarantee that can be given them that any provincial legislation that is passed will be valid. You are in a position to get that guarantee for them without much extra work or extra cost.

Again, with respect, in spite of your decided opinion that our legislation will be jurisdictionally valid, we must remind you of the fact that your law officers were of the opinion that the federal government has jurisdiction in the rent control field at the present time. This opinion did not, however, preclude you from making a reference of the question to the supreme court. At the time of that reference you stated:

> "May I say at this point that the advice which the government receives from its law officers is that the existing federal regulations with respect to rent control are valid. But in a matter which concerns the welfare of so many Canadians, the government would not be discharging its responsibility to the people of Canada as it should if it did not take every precaution. It is possible that the courts would decide that our regulations are unconstitutional. We cannot disregard that possibility".

There you have stated your case frankly and, we think, correctly. You will note that that is also our position. The government of Saskatchewan asks that on behalf of the welfare of the people of this province the "possibility" of a ruling by the supreme court contrary to you and your law officers' decided opinion cannot be disregarded.

With these doubts in mind, we therefore request that a second such reference be made to the supreme court. If your advisers are so certain of the outcome, the reference should be expeditiously dealt with.

Yours sincerely,

T. C. Douglas

Province of Manitoba
OFFICE OF THE PREMIER

Winnipeg, November 29, 1949

Hon. D. C. Abbott, K.C.,
Minister of Finance,
Ottawa, Ontario.

Dear Mr. Abbott:

Re rental control

I acknowledge with thanks receipt of your letter of November 9, drawing to our attention the statement on the federal government's policy respecting rent controls which you made to the House of Commons on November 3.

In view of the possibility, as pointed out in your letter, that a supreme court decision may disallow the present controls, my government is of the opinion that at this time they should become sufficiently well informed on all phases of the matter that they would be in a position to deal adequately with any situations which may arise.

In order to do this we should secure a proper understanding of all the successive stages through which rental controls have passed. We must at the same time be certain that we have a proper understanding of the situation as it exists today, and the practical effect that the implementation of the latest orders will have on the problem.

In this consideration specific points have arisen on which we would find information from your department most helpful. For example:

(1) What proportion of all rented units in (a) Winnipeg and (b) Manitoba, are still under control?

(2) What facts and factors formed the basis for the government's decision that an increase in rents was justifiable?

(3) What was the basis used in arriving at the maximum percentage of increase allowed, as set out in the recent order which you announced November 3, 1949?

(4) In respect of the situation in Manitoba compared with other provinces, to what extent has the movement of rents in Manitoba kept pace with this movement in other provinces, and what is the relative present pressure on rent ceilings likely to be reflected in further rent increases when the new orders go into effect?

Any information with which you may be able to supply us in regard to these and other points having to do with the rental situation generally will be greatly appreciated.

Yours very truly,

Douglas Campbell

MINISTER OF FINANCE
Canada

Ottawa, December 2, 1949

Hon. Douglas Campbell,
Premier of Manitoba,
Winnipeg, Manitoba.

My dear Premier:

I wish to acknowledge and thank you for your letter of November 29, which arrived in my office yesterday.

I shall endeavour to obtain as soon as possible the information you have requested, although it may be that the statistics relating to the first and fourth numbered questions in your letter may not be fully available.

Yours sincerely,

D. C. Abbott

MINISTER OF FINANCE
Canada

Ottawa, December 2, 1949

Hon. T. C. Douglas,
Premier of Saskatchewan,
Regina, Saskatchewan.

My dear Premier:

Thank you for your letter of November 29, which I received a day or so ago.

As stated in my letter to you of November 23, the federal government agreed to suspend the recent changes in the rentals regulations as they apply in Saskatchewan, only on the condition that the Saskatchewan government gave a firm undertaking that it intended to introduce its own legislation not later than April 1, 1950, and requested the federal government to withdraw its rental regulations as from the same date.

The purpose of this arrangement was to create a position similar to what it would have been had your province acted at an earlier date and been ready to put its legislation into effect now. Otherwise, of course, we should not be justified in imposing more regid restrictions on home owners in Saskatchewan than we believe is proper and right in Canada generally, having in mind the purpose for which rental controls were imposed and the fact that virtually all other wartime controls have been removed. The entire arrangement depends upon your willingness to accept responsibility for the withdrawal of federal controls in Saskatchewan as from April 1, 1950. We cannot advise you as to the wisdom of such a step. Our position is simply that we are willing to withdraw the federal regulations in Saskatchewan so that there can then be no conflict between federal and provincial laws.

My colleagues and I have been giving further consideration to your request that another question be referred to the supreme court, relating to the validity of provincial legislation that may be operative after the federal government has removed its rentals regulations in that province. As you may have noticed from the press, our counsel notified the chief justice of the supreme court that it was possible that the reference might be amended as a result of correspondence that was taking place between the government of Canada and the government of Saskatchewan.

After a most careful review we are confirmed in our opinion that it is both unnecessary and undesirable to refer such a question to the supreme court. The validity of existing federal rent controls has been challenged in the courts, and we believe that we have a responsibility to the people of Canada to put the matter to a conclusive test with the least possible delay. Another question bearing on the validity of provincial legislation might confuse the main issue, would certainly not be a move calculated to help in bringing down an early decision, and might indeed defeat the whole purpose of making the reference at this time.

Moreover, there is no provincial legislation to refer to the courts. All that can be asked is a hypothetical question regarding the powers of the provinces to legislate with respect to tenant-landlord relationships, which no one has challenged even in wartime. The federal controls have been superimposed on provincial law. They have never occupied the field in the sense that they were the exclusive law relating to landlord and tenant. Hence when the federal regulations are withdrawn in any province the provincial law is the only law in that province relating to landlord and tenant.

I should perhaps add that when parliament is asked to extend the Continuation of Transitional Measures Act, we would be prepared to recommend the inclusion of a provision that the rentals regulations shall not apply in Saskatchewan after March 31, 1950, so that the federal government will not have the power to pass any subsequent orders under that legislation affecting rentals in Saskatchewan, thus making it impossible for the federal authorities to occupy any part of the field.

The reason I suggested December 1 as the date by which we wished to have your reply was that the notices required under orders 813 and 814 of the wartime prices and trade board will be available in all parts of Canada within the next few days, and we wished to avoid distributing these notices in Saskatchewan if, in fact, they were not to be used. At any time up to the effective date of orders 813 and 814, namely December 15, 1949, we shall, however, be prepared to amend our regulations so as to suspend the operation of orders 813 and 814 in Saskatchewan, provided that you accept the responsibility for future rent control in Saskatchewan by requesting that the regulations in their entirety as they apply to Saskatchewan be revoked after March 31, 1950.

Unless such a request is received before December 15, the orders referred to will go into effect in Saskatchewan as elsewhere in Canada.

Yours sincerely,

D. C. Abbott

Canadian Pacific Telegraphs

Quebec, November 29, 1949

Hon. D. C. Abbott,
Minister of Finance,
Ottawa

Your letter dated November 24 re the federal rent control was delivered to my office on Saturday and reached me yesterday. It will be submitted to the members of the executive council of the province at our first meeting Wednesday of this week. An appropriate decision will be taken as soon as possible. I have asked for a copy of every federal order in council concerning this important matter, but you sent me only the one mentioned in the booklet entitled "Codification Administrative, May 1949". We consider these federal orders in council essential. Will you be kind enough to send me, the sooner the better, a copy of said orders in council. Personal regards.

Maurice L. Duplessis

Canadian National Telegraphs

Ottawa, November 29, 1949

Hon. Maurice Duplessis,
Premier of Quebec,
Quebec, P.Q.

I have your telegram of November 29 re rent control. The wartime leasehold regulations P.C.

Appendix

9029 appearing on page 15 and following of Codification Administrative which I forwarded to you on the 24th of November is the only order in council of the federal government now in effect upon the subject of rent control. The preamble to P.C. 9029 gives a list of the orders in council made from time to time, but these are now revoked and replaced by P.C. 9029. The orders of the wartime prices and trade board and of the rentals administrator which I forwarded to you at the same time are the only orders of the board or its administrator upon the subject of rental control which have general application. Personal regards.

D. C. Abbott

OFFICE OF THE PREMIER

Province of Quebec

Quebec, November 30, 1949

Hon. D. C. Abbott,
Minister of Finance,
Ottawa.

Mr. Minister of Finance:

I received today your answer by wire to the telegram which I sent you yesterday and in which I informed you that I had not received the federal orders in council relating to federal rental control.

We have noted your telegram to the effect that there is at present in this matter only one federal order in council in force, namely No. 9029 dated November 21, 1941.

These two telegrams and your letter dated November 24, delivered at my office Saturday the 26th and communicated to me Monday the 28th, were submitted to my colleagues of the executive council at a first meeting, held today.

You said you would comment on only one or two of the many points raised in the letter I had written to you recently. You state that the federal government's offer respecting rent control was unconditional and without any qualification whatever. Then you added: "I therefore find it difficult to understand the statement in your letter of November 16, 1949".

Apparently my statement was misunderstood. However, the facts show that it was correct.

On October 23, 1948 you wrote to me this:

"The constitutionality of continuing federal rent control has already been questioned and is now before the courts."

And you added:

"The federal government does not wish to do anything to prevent any province from making provisions to deal with the situation that would arise should continuing federal rent control be held invalid."

I have underlined the word "should" to stress the conditional character of your proposal.

Then, in your letter of November 9 you say:

"The government has therefore decided to refer the question of the validity of the rental regulations to the supreme court, in the hope and expectation that a decision will be given before the present legislation expires. As I have said, the law officers of the crown are of opinion that the rentals regulations are valid. They are also of opinion that both the law and the facts support the view that it lies within the authority of parliament to extend these regulations for a further period. Counsel will be instructed by the Attorney General of Canada to press this view before the court."

It is clear that the federal authorities continue to claim a right to set up federal rental control, and this attitude of theirs constitutes an obstacle to the full exercise of the rights of the provinces in the matter.

Brilliant lawyer that you are, you should not be unaware that it is contrary to sound tradition and to the best precedents to anticipate a judgment of the court to which the question has been referred. Nevertheless, eight years after entering a field which we consider exclusively provincial, you refer to the supreme court the question of the constitutionality of your rental control and at the same time you anticipate the decision of the supreme court, thus complicating the matter still further.

You pretend to offer the provinces the power to set up rent control. Therefore you persist in asserting that you possess such a right, and you place the province in the position of acknowledging a right of which we do not recognize the validity.

You will admit that the existence of two controls, one federal and one provincial, would be likely to aggravate the problem and, if possible, to increase its harmful consequences. This is indeed what would happen should Ottawa persist in its attitude, and if we did set up provincial control in the present circumstances.

For the past few years, as the federal authorities well know, and as you admitted in your letter of October 23, 1948, as well as in your previous letters, the constitutionality of federal rent control has been seriously questioned; nevertheless you continue to exercise powers which complicate the situation gravely while stating your desire to have the question of constitutionality decided by the supreme court.

The fact that you persist in claiming that rent control is a federal matter and that you have decided to maintain this viewpoint before the supreme court; the fact that you state in your letter that the federal government's law officers are of opinion that your rent control is constitutional—all that produces a situation which has to be taken into account and raises further and grave problems which do not tend to facilitate the settlement to be desired, and which we desire, of the difficulties caused and intensified by federal organizations.

It is easy to foresee the deplorable and complicated situation which would result from provincial control when the federal government continues to lay claim to the rights in question and asks the supreme court to sanction them.

It seems to us that the federal authority should not have constantly done and continue to do things of which the constitutionality is seriously questioned and is being submitted to the decision of the courts.

In claiming, as it does, the right to set up and to maintain rent control, the federal government asserts the right to set up at any time a federal control in opposition to provincial control.

The unfortunate victims of the federal decisions in this matter already have enough to complain of without their troubles and annoyances being aggravated by complications raised by the existence of both federal and provincial control.

You cite the example of the Saskatchewan government, which is apparently ready to set up provincial rental control. That is a matter which concerns the government of Saskatchewan. We have a clear mandate to administer the affairs of the province of Quebec, not of the province of Saskatchewan. Moreover, conditions vary from province to province and, that is one of the reasons why the rights of the provinces in this matter should have been respected at all times.

In short, we reaffirm that far from offering to the province the full exercise of its rights in this field, the federal government continues to render the full exercise thereof practically impossible.

We respectfully suggest to the federal government that it should modify its attitude and make it consistent with the rights of the provinces and with the rights of the people concerned. By removing, as you could easily do, the further and grave difficulties which you have added to the difficulties inherent in the problem, you would help solve the question rather than make it more complicated and more difficult. As to the present government of the province of Quebec, it is always ready to assume its responsibilities, but it desires that the federal government assume its own without any further delay.

Yours sincerely,

M. L. Duplessis

Appendix

MINISTER OF FINANCE

Ottawa, December 2, 1949

Hon. M. L. Duplessis,
Premier of Quebec,
Quebec, P.Q.

My dear Premier:

This will acknowledge and thank you for your letter of November 30, which I have read with great interest. I assume from this letter that it is not the intention of the government of Quebec to assume responsibility for the control of rentals at the present time.

Kindest personal regards.

Yours sincerely,

D. C. Abbott

HOUSE OF COMMONS

Tuesday, December 6, 1949

The house met at eleven o'clock.

FLOOD CONDITIONS

BRITISH COLUMBIA—TRIBUTE TO WORK OF ARMY PERSONNEL

Mr. James Sinclair (Coast-Capilano): Mr. Speaker, I rise to say a few words on a question of privilege. Hon. members will have read in the newspapers of the extensive floods in British Columbia last week, mainly in my riding in the districts of West and North Vancouver. Now that these floods have more or less subsided I know those people would want me to express in parliament their appreciation of the great work which was done by the army, both reserve and permanent forces, in British Columbia at that time. The 6th field company of the reserve army responded immediately, and were soon followed by the engineers from the permanent force camp at Chilliwack, who built three Bailey bridges and restored communications. As at the time of the Fraser valley floods, the people of British Columbia again are appreciative of the great value of such a body of trained and skilled men in a time of local disaster.

INTERNATIONAL LIVESTOCK SHOW

WINNING OF CHAMPIONSHIPS BY CANADIANS

Mr. H. O. White (Middlesex East): Saturday's issue of the London *Free Press* carried the story of the winning of championships in the sheep classes by Charles J. Shore, a neighbour of mine at Glanworth, in Middlesex county. Two Holstein breeders, Archie Rath and R. M. Berry, also from the county of Middlesex, have set world records in milk production; and fifty-six other Canadians won top honours at the show in Chicago. These men have brought great honour to Canada and to the areas in which they reside.

POTATOES

REFERENCE TO PRODUCTION IN FORT WILLIAM DISTRICT

Mr. Daniel McIvor (Fort William): Mr. Speaker, I should like to announce to the house and to all prospective potato growers that a farmer in the Fort William district raised 733 bushels of potatoes to the acre. So we have more than bush and rock in Fort William.

SUPPLEMENTARY ESTIMATES, 1949-50

A message from His Excellency the Governor General transmitting further supplementary estimates for the financial year ending March 31, 1950, was presented by Hon. Douglas Abbott (Minister of Finance), read by Mr. Speaker to the house, and referred to the committee of supply.

URANIUM

REPORTED SHIPMENTS FROM CANADA TO SOVIET RUSSIA

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Press dispatches indicate that a statement has been made before an investigating committee in the United States to the effect that Canada had supplied uranium to the Soviet. Is the Secretary of State for External Affairs in a position to make a statement with respect to these dispatches?

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I have seen these somewhat sensational stories from which equally sensational and, I am sure, unfounded implications have been drawn in certain quarters. The matters with which these stories deal are more particularly the concern and within the knowledge of my colleague the Minister of Trade and Commerce (Mr. Howe), who dealt with them during the war when the incident is supposed to have occurred. I would prefer to say nothing more now; I shall consult the Minister of Trade and Commerce on his return tomorrow, and possibly a statement could be made at that time.

[*Later:*]

Mr. J. G. Diefenbaker (Lake Centre): I should like to direct a supplementary question to the Minister of Trade and Commerce. Two years ago the Minister of Trade and Commerce undertook to table the investigator's report in the Eldorado investigation. I would suggest that that be brought to the minister's attention, with a view to having it tabled because of its particular interest at the moment, having regard to the evidence that is being given in Washington.

Inquiries of the Ministry

TRADE WITH BRITAIN

QUESTION AS TO FUTURE MARKET FOR CANADIAN WHEAT

On the orders of the day:

Mr. P. E. Wright (Melfort): In view of the optimistic report to parliament given by the Minister of Trade and Commerce with respect to our trade, and in view of the statement of the Minister of Agriculture at a board of trade banquet in Brantford yesterday, as reported this morning in the *Globe and Mail*, does the Minister of Trade and Commerce agree that an attempt is being made to drive Canadian wheat from the British market, and that upon the termination of our present contracts the British market will be lost?

Right Hon. J. G. Gardiner (Minister of Agriculture): I suggest to the hon. gentleman that he read the Canadian Press report in the *Citizen* instead of the one in the *Globe and Mail*. The former is more nearly correct.

Mr. Wright: I have seen the statement in the *Citizen*, and it checks closely with the one in the *Globe and Mail*. Did the Minister of Agriculture clear his speech with the Minister of Trade and Commerce before he made it?

Mr. Gardiner: I suggest to my hon. friend that he read both reports again, because they do not check even closely. I read both of them this morning, and you would not think they were from the same reporter at all; but I happen to know they are, because I handed him the document.

QUESTION AS TO BRITISH PREFERENTIAL TARIFF

Mr. T. L. Church (Broadview): I should like to ask the Prime Minister a question. Does the speech of the Minister of Agriculture represent government policy, in view of what preferential trade with Britain has meant to the people of this country?

Right Hon. L. S. St. Laurent (Prime Minister): I do not know what speech of the Minister of Agriculture the hon. member for Broadview is referring to.

STEAMSHIP SERVICES

INQUIRY AS TO OPERATION OF CAR FERRY BETWEEN YARMOUTH, N.S., AND THE STATE OF MAINE

On the orders of the day:

Mr. H. H. Hatfield (Victoria-Carleton): Will the Minister of Transport state whether Canadian National Railways or the federal government is considering the inauguration of a car ferry service between Yarmouth, Nova Scotia, and Rockland, Maine, or Boston?

[Mr. Diefenbaker.]

Hon. Lionel Chevrier (Minister of Transport): This matter has been under active consideration by the government, and a statement will be made in the course of the next few days. I believe I should say that the decision is in favour of the operation of a car ferry from Yarmouth, in the province of Nova Scotia, to a point in the state of Maine.

CUSTOMS TARIFF

AMENDMENT WITH RESPECT TO USED OR SECOND-HAND MOTOR VEHICLES AND AIRCRAFT

Hon. J. J. McCann (for the Minister of Finance) moved the second reading of Bill No. 221, an act to amend the Customs Tariff.

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

On section 1—*Schedule C amended.*

Mr. Fleming: I should like to ask why it is not possible to enumerate the particular classes to which the amendment is applied, instead of putting it in the form in which we have it in tariff items 1215 and 1216, namely, an exemption from the provisions of these items by regulation of the governor in council in any particular case or class of cases.

The explanatory note gives a number of examples to which the proposed amendment is intended to apply, such as automobiles acquired by Canadians returning to Canada, and so forth. If this purports to be a complete enumeration of the classes of cases to which it is intended the amendment shall apply, why could we not have the classes set out in items 1215 and 1216 instead of clothing the governor in council with the power to make exemptions?

Mr. McCann: There is no great uniformity in the cases that will come up for consideration with reference to import into Canada of used cars or used aircraft. There are now 170 applications before the customs department, including 129 passenger cars, 24 trucks, 4 buses, a motorcycle and an ambulance. The reasons for the applications are many and varied. Some of them might be called distress cases, others compassionate cases, still others are for business reasons.

The applications as to 48 of the cars and trucks indicate that they were for gifts to Canadians from friends or relatives in the United States. Thirty-eight were from relatives, and of these, thirty-five were from immediate relatives—that is, father, mother, brother, son or daughter. Gifts of used cars by friends totalled 10; of these, three were donations to religious workers in

Canada—gifts from religious groups or orders to Canadian evangelistic or religious orders, the parent body of which was in the United States.

There are also a number of cases of gifts from immediate relatives where the prohibition is particularly harsh. For instance, an American girl whose health has been poor married a Canadian. Her father wishes to give her one of the two family cars to facilitate her transportation and that of her family. Another case concerns a brother whose sister and her husband operate a small store. The brother is a successful businessman in the United States, and he wishes to donate a small truck.

A number of cases which should receive favourable consideration have to do with students. Twenty-three of the applications were from students who are taking post-graduate or specialized courses, and who resided in a foreign country for one to three years. Several of them were operating on D.V.A. subsidies, and they wish to have the car to save travelling expenses in moving their families, and to keep it for use in Canada.

Some real cases of hardship were created by the prohibition. The department's only alternative was to permit temporary entry into Canada which would be on a six months' permit. This meant that at the end of that time the car had to be exported and sold, causing great inconvenience and financial loss.

With regard to workers, nineteen workers who had obtained employment in the United States bought cars to transport them back and forth to work. They wished to bring them into Canada for reasons similar to those given by the students. The difference between these two classes is largely in the length of time the person was in the foreign country, the student being bound to at least one year, while the worker may stay for a period of only one month.

There is also the problem of tourists. Eight Canadian tourists who had acquired cars while visiting other countries wish to bring the cars back with them. The practice of buying a car in England for the purpose of touring the United Kingdom and Europe has been growing, and will probably become a greater attraction because of the devaluation of the pound. A problem arises when a Canadian purchases a car abroad and returns to Canada the next year. Such a car, having been manufactured prior to the year of importation, is therefore prohibited entry.

I could go on and enumerate many cases of distress. Take the matter of school busses. Every hon. member knows that the consolidation of schools necessitates the use of busses in a large number of rural areas. Some of these communities are not in a financial position to purchase new busses, but they can get used busses in the United States at a reasonable price, and thus give service to the community and to the school section at considerably less cost.

With reference to the importation of used aircraft and cars, it should be understood that the normal rate of duty still applies, and an appraisal value is put upon the used vehicle by the appraisers of the customs department.

One cannot set up a standard or uniform basis on which these vehicles will be allowed entry into this country; the cases must be considered on their individual merits. It is for this reason that we ask the house to give the minister and his officials the power to make application to the governor in council to permit entry of such vehicles in particular cases.

Mr. Fleming: Undoubtedly the minister has made out a case for entry of the vehicles of the kinds he has mentioned and in the circumstances to which he has referred. The concern of the committee must be with the way in which it is proposed to meet the situation, namely, by giving power to the governor in council to promulgate regulations in particular cases or classes of cases. From the concluding remarks of the minister I gather that the department has given consideration to the possibility of enumerating the classes of cases in items 1215 and 1216, and has found it impossible to make an effective or exhaustive enumeration. This leads one to the conclusion that most of the cases are to be handled by individual orders in council rather than by regulations applying to classes of cases. To the end that there may be some measure of parliamentary control, I think we should ask the minister whether reports will be made to the house on the cases in which the power conferred by this bill is exercised.

Mr. St. Laurent: The hon. member will recall that the government has undertaken to file summaries of all the orders in council. That undertaking was accompanied by the statement that after the summary was filed, if more of these orders were requested, they would be tabled. Therefore in the statements tabled from time to time there will be a summary of all the orders in council, including such as may be passed under this act. If any of these are requested, they can be tabled.

Mr. Fleming: I thank the Prime Minister for his explanation. Will the regulations promulgated under this legislation be segregated in such a way that they can be identified in the list of the orders in council the Prime Minister may be submitting to the house?

Mr. St. Laurent: Yes. In the summary there is an indication of what the order refers to.

Mr. McCann: During the war years this provision was in effect under the War Measures Act. When the War Measures Act lapsed, we no longer had the authority. Since then there have been so many requests with respect to cases to be dealt with that it was thought advisable to give that authority again to the governor in council.

Mr. Fraser: Where citizens of the United States have tourist camps or summer businesses in Canada, most of them come in with their cars under tourist's permit; but I understand that if they bring a car, a station wagon or a truck, they cannot use it in connection with their business in Canada. If they use the vehicle for the purpose of trucking supplies or transporting passengers or guests from the station to their hotel, then they are supposed to pay duty on it. Very few of the tourist camp owners or others who come to Canada and do business here in the summer understand that. The Minister of National Revenue should have indicated on the permit that a car so brought in must not be used for business purposes in Canada—the tourist business, hotel business or otherwise. People who come to Canada under these circumstances have the idea that they can keep the car here for six months; they do not know that it can be seized at any time by the minister's department. Something should be done to inform all those who come in under these circumstances that they may not bring these vehicles in and use them for business purposes.

Mr. McCann: We will take the matter into consideration. I can assure the hon. member that our enforcement officers check up fairly well on United States cars that are in here on permit, in order to see to it that they are not in business in competition with our own citizens engaged in trucking or carrying passengers. Such vehicles are admitted under permit for six months, for the personal use only of the owner. If he wants to bring it in when this legislation comes into effect he will have to pay the duty on it, and then he can do what business he likes with it.

Mr. Fraser: Not only in my own riding but in others across Canada I could name at least fifty American tourist resort operators, both men and women, who brought cars in and used them in that way and do not know that their cars could be seized. I have had letters from them.

Mr. Cruickshank: Tell them not to do it again.

Mr. Fraser: I believe the hon. member for Fraser Valley himself does not know the regulations.

Mr. Church: I am afraid that items 1215 and 1216 are going to have a most serious effect. The minister may shake his head, but they are going to have an injurious effect on Canadian industry. What are you getting in exchange for these concessions? You are going to repeal two items in the Customs Tariff, and substitute for them items 1215 and 1216. What will be the effect? We used to have a large trade in automobiles with Australia, New Zealand and other places. At the present time trade and commerce and industry are not getting as many orders, with the result that a large number of people are out of work. In this country we used to have what is called preferential trade with Britain and the dominions. We had trade with the old country on these items. Now you have lost your best customer in many products to which I will not refer today.

This provision applies to used or second-hand automobiles and motor vehicles of all kinds manufactured prior to the calendar year in which importation into Canada is sought to be made. Then there is reference to automobiles given to religious institutions or clergy engaged in religious or welfare work; trucks and aircraft imported as part of the equipment of United States firms engaged in exploratory or development work in the Alberta oil fields. Something might be said in favour of that, but this type of aircraft is not available in Canada for use in prospecting or in the transportation of supplies to remote areas. I fail to see how it is going to aid Canadian industry, because if there ever was a time when the small wholesale or retail man and the small manufacturer wanted help it is now, when taxation is at the peak. We used to spend $36 million on the whole civil government; now we are spending almost that much a day. We have got away up in the clouds—in the billions. I fail to see how this is going to help the manufacturer, small or large, who goes in for this type of work. If you ask me, it is going to have a very serious effect on industry generally throughout Canada.

Mr. McCann: As a competitive factor with Canadian industry, either in the automobile or in the aircraft business, the effect will be

practically negligible. We have had no protests from either the automobile industry or the aircraft industry against this type of legislation.

Section agreed to.

Title agreed to.

Bill reported.

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

Some hon. Members: Now.

Mr. McCann (for Mr. Abbott) moved the third reading of the bill.

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

INCOME TAX

INCOME TAX ACT AND INCOME WAR TAX ACT AMENDMENTS

The house resumed, from Monday, December 5, consideration in committee of Bill No. 176, to amend the Income Tax Act and the Income War Tax Act—Mr. Abbott —Mr. Dion in the chair.

On section 7—*Depreciation.*

Hon. Douglas Abbott (Minister of Finance): Mr. Chairman, if I may, I should like to revert to section 7, on which we had a long and interesting discussion yesterday evening, and which contains certain statutory provisions relating to the proposed new system of depreciation allowance. I want to refer particularly to that portion of the debate which related to the agricultural taxpayer, the farmer, who is taking depreciation on his machinery, equipment and other assets on the former basis. A great many hon. members spoke, some of them farmers, others representing farming constituencies. I think the unanimous view expressed was one of some apprehension that this new basis would not be as advantageous to the farmers as the old basis. I may say without any hesitation that I do not share that view; but curiously enough the representations made in the committee yesterday evening were the first which we have received concerning that particular group in the community. There has been a good deal of discussion with the accountants association, with industry, and so on. Representations have been made, but so far as I am aware, and so far as my officials are aware, no spokesman for the agricultural community has come forward to discuss or to criticize the proposed new basis. That is perhaps owing to the fact that it was not fully appreciated or fully understood; but be that as it may, I am not criticizing anyone for failing to do so; I am simply stating it as a fact.

Mr. Macdonnell (Greenwood): That shows what parliament can do.

Mr. Abbott: This bill has been before the house and available to hon. members for some three weeks, and the announcement has been before the public for some six months. I find that in most other groups, long before parliament attempts to discuss any proposed measure the people who are interested come to the department for information, or put in briefs, or make suggestions as to changes which should be made. It greatly facilitates the work of parliament if they do that sort of thing. I am not criticizing anyone for failing to do it. I am simply stating as a fact that the only representations that were made that this new system would adversely affect the farming group were made in the committee last night. I do not believe that it will. I think that when the farming community understand the basis on which it operates; when they understand that if they overdepreciate, it must be put back, but that, conversely, if they underdepreciate they can get the benefit of the law as a result of underdepreciation, they will come to the conclusion that the new system is better than the old one.

Be that as it may, there is no desire to force the system on the farming community. I can see that it might be difficult for farmers who have not complete records to keep track of the diminishing value, the diminishing balance basis; but bigger farmers would have no difficulty at all. Perhaps the smaller ones who keep their books less carefully would have some difficulty, and, having become accustomed to the straight-line basis, would prefer to keep it. I am not prepared to accept the view that the farmer as such is any more obtuse than any other member of the community; but in any event so far as the department is concerned there is no objection to the farming community continuing for the time being to operate their depreciation on the straight-line basis. It may be that after they have seen how it works for others they will prefer to have a new basis. Be that as it may, I have no objection to farmers and fishermen, who are both given special treatment under the act, as the committee knows, by being allowed to average over five years, continuing to depreciate on the same basis as that which has been followed in the past. To this end I have a simple amendment to section 7 which provides that subsection 1, which relates to

the so-called recapture provision, shall not apply to farmers and fishermen. Under the regulations the basis for depreciation in the case of farmers will be the base period, as in the past, namely, the straight-line basis.

Mr. Fournier (Hull): I move:

That section 20, appearing in subclause 1 of clause 7 of Bill 176, be amended by adding the following thereto:

"(6) Subsection (1) does not apply in determining income from farming or fishing."

Mr. Wright: I have just one comment to make on the minister's statement. I think that farm organizations should have been consulted, and should now be consulted with respect to this. From a reading of the bill it is difficult to determine the effect that it will have in particular cases. Unless the matter is studied further I suggest that the minister consult with the Canadian Federation of Agriculture and other farm organizations with respect to these amendments.

Mr. Abbott: I would be happy to consult with the federation of agriculture, as with any other organized group or individual. In the past I have found that I do not usually have to seek them out when they are as well organized as the federation of agriculture. For instance, in normal matters they seek me out rather than my having to go and look for them. I suggest it is perhaps adding unduly to the responsibilities of the Minister of Finance that he should have to go about the country submitting proposed legislation to separate groups. I believe he has discharged his duty when he gives reasonable notice of it, and invites, as he always does, representations from interested parties. I should be happy to discuss this matter with any group that is interested.

Mr. Stuart (Charlotte): During the last eight or ten years there has been quite a lot of criticism about the write-off of engines for fishermen's boats. The engines that are being largely used today in fishing boats are converted automobile engines, the life of which in many instances would be two years, sometimes less. I have had complaints from fishermen that before they can write off the cost of the first engine, they would perhaps be using a third one. Does the regulation take care of that situation?

Mr. Abbott: The new one would, but I do not believe the old one does.

Amendment agreed to.

Section 7 as amended agreed to.

On section 26—*Municipal or provincial corporations.*

Mr. Abbott: I have another technical amendment to this section.

[Mr. Abbott.]

Mr. Fournier (Hull): I move:

That subclause 3 of clause 26 of Bill 176 be amended by deleting the word "deriving" in the fourth line thereof and substituting therefor the words "substantially all of which derived"; and that the following subclause be added to the said clause 26;

"(5) In determining whether the income in the years 1947 and 1948 of a corporation or association incorporated or organized as a credit union or co-operative society is not liable to taxation by virtue of paragraph (q) of subsection 1 of section 4 of the Income War Tax Act, that paragraph shall be construed as if it were enacted in the same form as paragraph (i) of subsection 1 of section 57 of the Income Tax Act."

Amendment agreed to.

Section as amended agreed to.

Sections 27, 28 and 29 agreed to.

On section 30—*Dividends declared.*

Mr. Abbott: I have an amendment to this section, to correct a typographical error.

Mr. Fournier (Hull): I move that section 30 of the bill be amended as follows:

That the figure "1949" in the eighth line of subsection 2 of section 30 of Bill 176 be deleted and that the figure "1950" be substituted therefor.

Amendment agreed to.

Section as amended agreed to.

Section 31 agreed to.

On section 32—*Nonresident-owned investment corporation.*

Mr. Fleming: Representations have been made by the Toronto board of trade in connection with subsection 3 which deals with nonresident owned investment corporations The board states:

The board has interpreted the provisions of the Income War Tax Act as extending the dividend exemption of section 4(n) to nonresident-owned investment corporations. The proposed legislation appears to be a retroactive change denying the exemption referred to. The board has on many occasions urged that retroactive tax legislation be not resorted to, and again points out that in the opinion of the board this is a highly undesirable practice and should be avoided.

Mr. Abbott: As my hon. friend knows, this section relates to a relatively small number of companies owned by nonresidents who have investments in Canada. In 1946 they were given a special basis of tax treatment. They are taxed on the earnings of the company, not at the full corporation rate but at a special rate. Prior to 1946 it used to be 22½ per cent, with a deduction of 7½ per cent on income received from dividends on Canadian taxpaying corporations. In 1946 that technical difference was eliminated and the straight rate was made 15 per cent. However by inadvertence the provision of the corresponding tax credit section was not amended. If this section were not put in, the

nonresident would in fact be getting a tax credit to which he was not entitled, which has never been allowed by the department, and for which I do not think there is any justification, in equity or otherwise.

Technically it is true that the effect of this section is to take the amendment back to 1946 when the change from 22½ per cent to 15 per cent was made, as I have indicated. I do not think any real objection can be taken to it.

Mr. Fleming: Would there be any serious loss if the section were made effective from the date of the minister's budgetary pronouncement? This would obviate any suggestion of unfairness resulting from the retroactivity of taxing legislation.

Mr. Abbott: I do not think so. I have before me the text of the resolution introduced in April 1946, which states:

That the special rates provided for nonresident-owned investment corporations be reduced for the 1947 and subsequent taxation years from 22½ per cent to 15 per cent, but that such corporations be taxable on all income received in Canada subject to deductions from the said income in respect of interest and dividends received from other such corporations and foreign taxes paid by the corporation.

In other words, the rate having been reduced from 22½ per cent to 15 per cent, there should not have been and there was never intended to be a tax credit to offset that 7½ per cent. The old system was 22½ per cent and a tax credit of 7½ per cent, coming from a certain type of investment. Having consolidated the two and taken the straight 15 per cent rate, as indicated in the resolution, the tax credit was to be eliminated. Through some oversight the tax credit section was not amended. But no nonresident-owned investment corporation has ever asserted that it should in fairness get the tax credit. They have never been allowed it. This is simply to cover the oversight in the drafting of the law. There is no justifiable claim for this tax credit.

Mr. Fleming: How many taxpayers are there within this group?

Mr. Abbott: The number has been substantially reduced in recent years. When I was in practice I formed a number of these companies, but since the change in the taxing law in the United States and elsewhere the number of the companies has been reduced. I have not any up-to-date figure.

Section agreed to.

Sections 33 to 44 inclusive agreed to.

On section 45—*"Corporation" and "corporation incorporated in Canada".*

Mr. Abbott: I have a technical amendment here.

Mr. Fournier (Hull): I move:

That subclause 2 of clause 45 of Bill 176 be deleted and the following substituted therefor:

"(2) Paragraph (j) of the said subsection 1 is repealed and the following substituted therefor:

'(j) "dividend" includes stock dividend except where the stock dividend has been declared by a nonresident corporation, more than 50 per cent of the share capital of which (having full voting rights under all circumstances) belongs to nonresident persons';"

Mr. Fleming: Is there nothing more involved in this amendment than the elimination from paragraph (j) of subsection 1, and combining with the opening words in paragraph (j) the words now appearing in clause (j) (ii)?

Mr. Abbott: That is right. It is consequential upon a change made in section 3.

Mr. Fleming: I wish the minister would change the expression "corporation director" so that it would read "director of a corporation".

Mr. Abbott: I must express my admiration of my hon. friend's ability as a grammarian.

Amendment agreed to.

Section as amended agreed to.

Section 46 agreed to.

On section 47—*Foreign tax deduction under I.W.T. and E.P.T. acts.*

Mr. Abbott: I have a more important amendment to suggest to this section. The section as it stands refers to several classes of nonresident companies, and representations have been made as to the retroactive effect of the proposed section. While it is felt that the proposal is essentially fair in its terms, perhaps it would not stand in its present form. The section as amended will relate solely to what are known as 4 (r) companies.

Mr. McCann: I move:

That clause 47 of Bill 176 be deleted and the following substituted therefor:

"(47). No taxpayer shall be deemed ever to have been entitled, by virtue of section 8 of the Income War Tax Act or section 9 of the Excess Profits Tax Act, 1940, to deduct from taxes otherwise payable under either or both of those acts for a taxation year any amount in respect of taxes paid or deemed to have been paid to a government other than Canada on income which was exempt from tax under those acts."

Mr. Abbott: The only prohibition here is against taking a tax credit on Canada on tax-exempt income.

Mr. Fleming: This is an important amendment, and it is difficult to follow without a copy before one.

Mr. Abbott: I think I know some of the points my hon. friend will want to raise, because I received a good many representations with respect to this section pointing

out that if it were adopted in its original form it would change the rules of the game after the game had started; that it would have a retroactive effect. I recognize the validity of those submissions; consequently the proposed amendment to this section relates entirely to what are colloquially known as 4(r) companies, which receive income from abroad not subject to tax when included in their Canadian income tax. Therefore it is manifestly proper that they should not be allowed to take the tax credit of fifteen per cent which is allowed now on income which they receive free of tax.

Mr. Fleming: Perhaps this section could stand for a moment.

Section stands.

On section 48—*Newfoundland.*

Mr. Ashbourne: I received a letter, dated November 29, 1949, from the Newfoundland board of trade, which reads:

> I have been directed to bring to your attention that part of the income tax bill at present before the federal house which has reference to Newfoundland's special position under the terms of union.
>
> It seems clear from clause 48, subclause 3, that business losses prior to confederation will not be allowable as deductions from profits made after union when computing taxable income. In other words, section 26, paragraph (d), of the Canadian Income Tax Act will not apply to Newfoundland taxpayers before April 1, 1949. Clause 48, subclause 3, of the bill reads as follows:

Clause 48, subclause 3, of the bill now under consideration is then quoted, and the letter continues:

> On the other hand there appears to be no provision in the bill which will relieve Newfoundland taxpayers from income tax and surtax upon dividends paid out of profits earned before union with Canada.
>
> Further, there seems to be no provision in the bill which will prevent section 9, subsection 6, of the Canadian act being applied to individual shareholders. This subsection provides that if the undivided profits of a corporation exceed what is reasonably required for the purposes of the business, a dividend equal to the amount specified by the minister shall be deemed to have been received by the shareholders. This may result in substantial taxes becoming payable upon pre-confederation profits.
>
> A refusal to allow the carrying forward of pre-confederation losses on the one hand and to impose tax upon dividends from profits before union on the other hand seems grossly inequitable.
>
> Yours faithfully,
> H. T. Renouf,
> Secretary.

Perhaps the minister could make a statement with regard to the taxation picture as it affects Newfoundland and clear up some of the points brought out in this letter.

Mr. Abbott: The hon. member will recall that under the terms of union with Newfoundland, or the supplementary agreement, it was a condition that taxes would not be imposed with respect to either personal or corporation income tax in Newfoundland on earnings prior to the date of union; that in effect they would be given the same treatment as was given in Canada when the pay-as-you-go plan was adopted. The representatives of Newfoundland in the discussions were insistent that we should not look behind the date of union as to the position of a taxpayer in Newfoundland, and may I say at once that I have no quarrel with that position.

My hon. friend has raised two points, the first being with respect to the fact that losses incurred prior to the date of union would not be taken into account in subsequent years when the Newfoundland taxpayer is taxed in Canada. That is correct. Obviously when one is not entitled to look at profits in previous years, one cannot very well look at losses; the one must go with the other. So far as the income tax payer in Canada is concerned, I suppose the Newfoundland taxpayer can be looked upon as a newborn babe. We do not inquire into his tax status before he became a Canadian citizen.

As to undistributed surpluses on hand at the date of union, the same treatment is accorded here as was accorded to the Canadian taxpayer who first became liable for income tax in 1917. Under the law as it stands, pre-1917 surpluses can be distributed on liquidation free of income tax. Dividends are taxable income by definition under the law, and we do not look to see where a dividend comes from. That is true of dividends declared by any Canadian corporation. A pre-confederation surplus of a Newfoundland corporate taxpayer can be carried on its books and when distributed on winding up, or by any other method other than dividend payments, can be so distributed free of tax.

Section agreed to.

On section 47—*Foreign tax deduction under I.W.T. and E.P.T. acts.*

Mr. Fleming: The minister has said that a desire has been expressed that section 47 should not have any retroactive operation.

Mr. Abbott: Except in the one case.

Mr. Fleming: Except in the case of 4(r) companies.

Mr. Abbott: Except in the case of companies that are not taxed on income they bring into Canada which is in the form of tax-exempt income.

Mr. Fleming: The section is a difficult one, and the amendment is not an easy one to construe in the time available. I am bound

to say that if the amendment is intended to eliminate any possibility of retroactive operation, it is not very clear. The observations of the Toronto board of trade on this point, which I understand is the principal point of the minister's amendment, indicated that they desired a wider change than the minister's amendment. The board of trade says:

This amendment appears to be a retroactive change in the interpretation of the above-mentioned sections of the Income War Tax Act and the Excess Profits Tax Act,—

May I interject here that this reference is to section 8, subsections (1) and (8) (2) (A) of the Income War Tax Act, and section 9 of the Excess Profits Tax Act. The brief continues, speaking of section 47 of the bill:

—and has the effect of limiting the tax credit allowed in respect of foreign taxes paid by a foreign subsidiary to an amount equal to the average rate that would otherwise have been payable under the acts.

Mr. Abbott: That has all been eliminated, of course.

Mr. Fleming: The letter goes on:

The board understands that the sections referred to had the effect of granting tax credit at the marginal rate of tax that would otherwise have been payable on the income in question, and that the sections were so interpreted by the income tax division of the Department of National Revenue, and that in many cases assessments were issued on that basis. A retroactive change of this nature—

Mr. Abbott: That has all gone by the board as a result of the amendment that has just been moved.

Mr. Fleming: That is what I want to get at. I have been doing my best to absorb the effect of this amendment—

Mr. Abbott: Perhaps I might elaborate on my explanation before my hon. friend continues.

Mr. Fleming: I wish to make just this one observation. If the minister will give the assurance that the purpose of the amendment is to meet this objection in its entirety, and that in operation the section will not have that retroactive effect which is strongly objected to in this brief from the board of trade, I have no further comment to make.

Mr. Abbott: It meets the case my hon. friend was referring to. There are perhaps six companies in Canada who come under what was known as the old section 4 (r); I think they are nearly all distilling companies. Under that section they are entitled to bring in dividends from foreign subsidiaries, include them in their Canadian income, and pay no income tax on them. Technically, under the law as it stands, though they pay no income tax with respect to that income, they might be able to claim fifteen per cent or some other tax credit deducted from those dividends at the source in the United States. I think I have only to state that position to demonstrate that it is hardly equitable. In fact they have never been given that credit, and that provision was included in the wider measure originally proposed in section 47. It is true that in form that can be urged as having some retroactive effect, but that is one provision which frankly I am not prepared to relinquish. As to the other provisions, in view of the representations which have been made by the board of trade and others I am quite satisfied to remove them. This, however, is one I feel I must retain.

Amendment agreed to.

Section as amended agreed to.

Sections 48 and 49 agreed to.

Mr. Abbott: I have an amendment that should be moved at this point, inserting a new clause in order to make provision for various international agreements which may exist in connection with Newfoundland fisheries treaties and the like. The section will be inserted immediately after the present section 49; and the amendment is as follows:

That Bill 176 be amended by renumbering sections 50 to 52, inclusive, as sections 51, 52 and 53, and inserting after section 49 the following section as section 50:

"50. Notwithstanding anything contained in this or any other act, an exemption from taxation provided for in an international treaty or international agreement binding on Newfoundland before the union of Newfoundland with Canada may be extended by regulation of the governor in council to taxation by or under any act of the parliament of Canada."

Mr. Fournier (Hull): I move accordingly.

Mr. Macdonnell (Greenwood): I should like to ask what is the meaning of the word "extended", and also if the minister would tell us what are these treaties and agreements.

Mr. Abbott: The section is based on the legal view, if you like, that technically international agreements, fisheries agreements or the bases agreements and that sort of thing in Newfoundland, are not automatically subject to Canadian legislation, but that we must extend our legislation to those agreements. This provision is inserted for that purpose. Probably my hon. friend knows that there are fishing agreements and fishing rights in connection with the old colony of Newfoundland that go back a great many years, and this section is inserted in order to make sure that we can take appropriate action to continue the international effect of those agreements and their adoption by Canada. This provision is broad enough to cover all agreements of the kind.

Mr. Macdonnell (Greenwood): These have nothing to do with exemption agreements with corporations in Newfoundland?

Mr. Abbott: No; those would not be international agreements.

Mr. Macdonnell (Greenwood): When we say "extended" does that mean that they are continued as far as they affect Newfoundland, or that they are given an extended operation to affect the rest of Canada, let us say?

Mr. Abbott: They are not given an extended operation. I used the words "adoption by Canada", meaning they would become binding on the whole of the Canadian people. Previously they were binding on the government of Newfoundland as a colony or as a dominion or under commission of government, whatever may have been their legal status. Now we can declare that those agreements are extended to Canada.

Mr. Fleming: Would the minister be a little more specific as to the nature of these agreements? Normally one does not expect to find under international treaties or agreements the exemption of specific taxpayers or specific classes of taxpayers from taxation. In what way have these exemptions from taxation arisen in connection with these agreements?

Mr. Abbott: My hon. friend may recall that under the United States bases agreements with Newfoundland, which I am told were confirmed by statute of the commission of government, certain special privileges were extended to United States forces at those bases. They were exempted from customs duties on cigarettes and other things they brought in; they were exempted from income tax and other taxes. I am not familiar with the details, but they were given special privileges. I am not acquainted with the terms of those agreements, but I know they are and have been the subject of discussion between our government and that of the United States. In addition there are those old fisheries treaties to which I referred, which give France, I believe, and perhaps other countries, the right to land on the shores of Newfoundland, to get bait and perhaps to bring in gear to refit their ships. I am not familiar with the details, but we felt it desirable to have an enabling clause here to preserve any such rights that may exist.

Mr. Macdonnell (Greenwood): I am still a little bothered by this word "extended". Is the minister satisfied there is no implication here that the privileges he has described as existing in Newfoundland might be asserted elsewhere by reason of this amendment?

Mr. Abbott: I can only say there is an interesting legal point involved. This clause was drafted by the deputy minister of justice. The point was raised, I may say, by the Department of External Affairs, which wanted to be sure that these bases agreements, fisheries agreements and so on could be recognized by Canada, and that it would be clear from the legal point of view that they were adopted by Canada or that they would extend to Canada. I have not given the word "extended" the critical analysis my hon. friend has.

Mr. Macdonnell (Greenwood): Does the minister agree with that?

Mr. Abbott: Perhaps I might put it this way. The section says that under international treaty or international agreement there are certain exemptions or special privileges which the general law of Canada might take away. This enabling provision says that those exemptions or privileges can be extended to Canada, notwithstanding the application of the general law, such as our customs law or our income tax law, or any of our other laws. The provisions contained in these pre-confederation agreements will be extended to Newfoundland, now that it is part of Canada, and what would otherwise be the general law of Canada will not apply with respect to those concessions.

Mr. Macdonnell (Greenwood): As the minister has stated it, I think I understand it, and it is satisfactory. I find it difficult, however, to understand it from the wording of the section. If the section were framed in the minister's words, I would be happier.

Mr. Abbott: I shall not quarrel with my hon. friend on that, but I do rely for the drafting of these sections on the law officers of the crown who are charged with that responsibility. After careful consideration, the Department of Justice has submitted this language to me as being the appropriate language.

Mr. Fleming: I should like to revert to the minister's reply to my last question. Would I be correctly summarizing the position with respect to these international treaties and international agreements if I said that any exemption from taxation which they create is created for the benefit of aliens only?

Mr. Abbott: That is correct.

Mr. Fleming: The other point I should like to raise, Mr. Chairman, concerns the concluding words of the proposed new section 50, upon which the member for Greenwood has raised a question as to the meaning of the word "extended". This section provides that these exemptions "may be extended by regulations of the governor in council to taxation by or under any act of the parliament of Canada." We are dealing here with the bill concerning the Income War Tax Act

and the Income Tax Act. We are not including within the scope of this committee's review questions of exemption or taxability under other acts of parliament. On the face of it, this amendment seems to me to clothe the governor in council with power to continue exemptions provided by international treaty or international agreement binding on Newfoundland before union from taxation by or under any act of the parliament of Canada. I think before proceeding to the full extent of a provision of this kind, the members must be given an opportunity of considering all the taxing statutes enacted by the parliament of Canada which are in effect today. Surely this is not a proper amendment to be introduced at this stage of a bill the purpose of which is amendment of the Income Tax Act only. Surely the house is not going to be asked to go that far without careful consideration of the possible effect of such provision on other taxing acts of this parliament.

Mr. Abbott: I would think that the house would approve the principle that where preconfederation international agreements have been entered into granting immunities or tax concessions, or whatever it may be, to aliens, the Canadian taxation laws should recognize them as binding upon us. My hon. friend has a point, perhaps, from the technical drafting point of view,—that we should include a similar section in all statutes which may purport to impose taxation of any kind. In this bill, however, there are a number of essentially transitional provisions with respect to Newfoundland, and it did seem an appropriate place to give statutory authority to recognize those various agreements. We do not know yet what all of them may be. I did not think there would be any serious objection to the principle.

Any order in council, of course, which would grant this recognition would be included in the summary to be tabled, to which reference was made a short time ago. The house will be aware of actions which are taken to recognize these international agreements.

Mr. Macdonnell (Greenwood): If I thought it would be of any use, I might ask the minister to reconsider the wording of this section, because he has indicated that he is not too happy about it. The minister made it clear that this is merely the adoption by Canada of the effect of these existing treaties so far as they relate to Newfoundland; is that correct?

Mr. Abbott: I believe, in effect, this gives us authority to adopt—if my hon. friend will include that word. This section is enabling; and it gives us authority to adopt international agreements entered into by Newfoundland prior to confederation.

Mr. Macdonnell (Greenwood): In so far as they affect Newfoundland.

Mr. Abbott: In so far as they affect Newfoundland.

Mr. Fleming: And also on the basis that the exemptions thereby created are created only for the benefit of aliens, not for Canadians.

Mr. Abbott: Oh, absolutely.

Amendment agreed to,

Section 50 agreed to.

Sections 51 and 52 agreed to.

On section 53—*Deductions from income of corporations in petroleum business.*

Mr. Abbott: I am sorry to say that there has been a rewrite of this clause. It is essentially a drafting amendment, and is a reenactment of the whole clause. It is lengthy but I shall give an explanation of it. The amended clause reads as follows:

That subclauses 1, 2 and 3 of clause 53 of the bill be deleted and the following substituted therefor:

53 (1) A corporation whose principal business is the production, refining or marketing of petroleum or petroleum products or the exploring and drilling for oil and natural gas, may deduct, in computing its income for the purposes of the Income Tax Act,

(a) the aggregate of the drilling and exploration costs, including all general geological and geophysical expenses incurred by it, directly or indirectly, on or in respect of exploring or drilling for oil and natural gas in Canada

(i) during the taxation year, and

(ii) during the previous taxation years, to the extent that they were not deductible in computing income for a previous taxation year, or

(b) of that aggregate an amount equal to its income for the taxation year

(i) if no deduction were allowed under paragraph (b) of subsection (1) of section 11 of the said act, and

(ii) if no deduction were allowed under this subsection minus the deduction allowed by section 27 of the said act.

(2) For the purpose of the Income Tax Act there may be deducted in computing income from the business of an association, partnership or syndicate formed for the purpose of exploring or drilling for oil or natural gas, the lesser of

(a) the aggregate of the drilling and exploration costs including all general geological and geophysical expenses incurred by it, directly or indirectly, on or in respect of exploring or drilling for oil or natural gas in Canada

(i) during the taxation year,

(ii) during previous taxation years, to the extent that they were not deductible in computing income therefrom for a previous taxation year, or

(b) of that aggregate, an amount equal to the income therefrom if no deduction were made under this subsection.

(3) Subsections (1) and (2) are applicable in respect of expenditures incurred in the calendar years 1949 to 1952 inclusive.

and that the following subclause be added to the said clause 53:

"(9) subsections 1, 2 and 3 of section 16 of chapter 53 of the statutes of 1948 are repealed."

Mr. Fournier (Hull): I move accordingly.

Mr. Abbott: Perhaps I might give a brief explanation of this section before we discuss it, Mr. Chairman. It merely renews for a three-year period the special write-offs allowed to the oil and mining industries. The amendment I have proposed, while impressive in appearance, is merely a rewriting and consolidation of the provisions mainly to recognize technical changes in the oil and gas industries. I think I can assure the committee that the redrafting is on balance beneficial to the industry, and does not effect any substantial change in the benefits under the clause. Where previously a separate paragraph was devoted to each of the groups, oil producing and marketing companies, oil exploration companies and gas exploration companies, these have now been consolidated into one provision. Furthermore, the associations, syndicates and partnerships in the industry, whether in the field of gas or oil, are now provided for in a separate paragraph. This rearrangement of the provisions is the result of extensive discussions in the income tax division with officials of the district offices concerned with the administration of this provision of the law.

Mr. Applewhaite: I am not familiar with the wording of the amendment, because I have not seen it, and I have not been able to follow it. But the remarks I have to make are based on the old section, and I ask the minister if he will follow me on the old section and then answer my question.

The old section provides for certain deduction privileges for corporations or associations, syndicates and partnerships in connection with drilling for natural gas. The old section then goes on to allow deductions for corporations only in connection with the mineral mining industry. Bearing in mind the fact that in at least some parts of the country a great deal of mineral exploration is done by syndicates and partnerships and not by corporations, I should like to ask the minister whether the same privilege should not be extended to syndicates and partnerships that has been extended to corporations.

Mr. Abbott: That is not amended. It has always been the law, I am informed, that the exploration costs incurred by corporations exploring for minerals will be eligible for deduction under this section, but that in the case of corporations, associations or partnerships, that applies to such associations formed for the purpose of exploring and drilling for natural gas. I was trying to ascertain the reason for the distinction. I have not been able to get an answer from the officials who are in front of me. They tell me that, so far as they are aware, there has been no demand in the mining field for an extension of that principle to them. It must be that in the oil fields they operate in this way and they do not in mining.

Mr. Applewhaite: It may happen that by the time a mineral mine becomes producing it will have reached the stage of incorporation, but it does not necessarily follow. I am certainly not going to move an amendment at the present time, not having the wording before me, but I would ask for the minister's assurance that the rights or privileges of corporations, partnerships and syndicates be equally regarded in connection with the mineral mining industry. Should the occasion arise I think it would be only fair to ask that the department have sufficient discretion to treat a syndicate or partnership as it treats a corporation.

Mr. Abbott: I shall be happy to look into that matter. So far as I am aware, this is the first time it has been brought forward since I have had anything to do with putting these resolutions through the house. I shall be glad to look into the matter.

The Chairman: Shall section 52 carry?

Mr. Abbott: This is a new section 53.

Mr. Fleming: That is the point I was going to raise. In form, the minister's amendment is really a rewriting of section 52. Has the number been changed to 53 on the original that was given to the chairman?

Mr. Abbott: Yes.

The Chairman: I understand that copies of the amendment were distributed—the new section 53.

Mr. Abbott: It will be new section 53.

The Chairman: Shall section 53 as amended carry?

Section as amended agreed to.

Title agreed to.

Bill reported.

Mr. Abbott moved the third reading of the bill.

Mr. J. M. Macdonnell (Greenwood): I want to make just one comment. I repeat what I said last night. With deference to the minister, I want to ask him whether in future he will not try to enable this house

to discharge its duty, or what I conceive to be its duty, namely, to bring whatever judgment it can to the important questions that come before it. The members can do that only when they have the necessary information available to them. I submit to the minister that what happened here last night is proof positive of the fact that the house cannot properly discharge its duties if it has not full information.

Hon. Douglas Abbott (Minister of Finance): I agree that the house should have full information, but I cannot allow my hon. friend's remarks to go completely unchallenged. I have endeavoured to give the fullest possible information. I purposely have allowed this bill to stand for over two or three weeks in order to enable every member of the house who was interested to study its highly technical provisions, and, if they were in doubt as to the sections, to ask me or my department about them. I know my hon. friend is referring to some regulations which the department is empowered to issue under this measure that we are now passing. So far as I know, it has never been the practice to bring before the house regulations adopted pursuant to proposals which have not yet been enacted into law.

Mr. Macdonnell (Greenwood): It is because I believe the minister to be a progressive and forward-looking man that I suggest to him that he might improve things for the future.

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

SUPPLY

Hon. Alphonse Fournier (Minister of Public Works) moved that the house go into committee of supply.

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

DEPARTMENT OF FISHERIES

101. Departmental administration, $360,900.

Hon. R. W. Mayhew (Minister of Fisheries): Before the committee proceeds with consideration of the items in the estimates, Mr. Chairman, I should like to give to the committee a statement and a report.

Since coming into this department approximately eighteen months ago I have, with some of the departmental staff, visited each of the ten provinces to discuss fisheries problems, prospects and betterment. These discussions have been held with provincial government officials, processors, fishermen, wholesalers, and cold storage and warehouse interests.

With each, the conversations were on their own problems, but, where possible, joint discussions also took place. Our visits took us from Bonavista, on the east side of Newfoundland, to Ucluelet, on the west side of Vancouver island.

These trips were for the purpose of gathering information for a composite picture of the whole industry, yet as intimate a picture as possible of the different districts. I therefore feel I should report on what the departmental officers and I have learned about this industry, and to give the committee also some idea of the actions we think we should take on behalf of the industry.

The fishing industry is North America's oldest industry. It is still a growing one, too. In the past thirty years, British Columbia production has doubled, as it has also in western Nova Scotia. In Newfoundland and the other areas around the gulf of St. Lawrence it has grown somewhat less.

In some east coast areas, the industry has been unable to provide good living standards for fishermen, except during the two great wars. Now, following the war, some of the eastern districts are again in a weak position. These weak spots stand in contrast to our great fishing resources. Canada has access to the world's greatest fishery resources on the Atlantic and the Pacific. We have the largest inland fresh-water fishery in the world. But on our east coast we do not fully use the available resources, although many foreign vessels catch fish right up to our coastal limits. On our Pacific coast the industry takes all the salmon, halibut and herring allowable without destroying the stocks. On the east coast, however, apart from a few species, such as lobster and Atlantic salmon, the resource is underdeveloped. The fish are there, and so are the fishermen; yet many fishermen have a poor living. Hon. members will want me to try to explain this condition.

In the first place fish are very perishable, as perishable as milk. But the fishing industry has to sell its products hundreds or even thousands of miles from the sea. Canned fish, it is true, may be shipped to grocery stores all over the world. But fresh, frozen, smoked or salted products suffer rapid spoilage.

Most of the finest things in the world are delicate. "Delicious" and "delicate" are almost the same word. They go together; and that is true of fish.

While fresh and frozen fish are difficult to merchandise, the methods are improving daily. The chain of refrigeration from the coast to the shops and to the housewives'

kitchens is steadily growing. The fish product in modern packaged form is becoming more and more attractive. As a result, market expansion is possible.

Our fish trade has been held back, particularly on the east coast and in Newfoundland, by continued dependence on the traditional product—salted fish. Likewise it depends on traditional markets in the Mediterranean countries and the West Indies, where salted cod has to be sold to buyers whose capacity to pay is limited. However, some companies have switched away from salted fish to the fresh and frozen forms. These find their market in North America, where consumers' living standards are higher. The fresh and frozen products require more careful handling, but they are likely to yield greater and more stable financial returns in the future.

Processing—filleting, packaging and freezing—calls for larger plants using more up-to-date methods. In British Columbia this development took place readily. In the modern plants of Newfoundland and western Nova Scotia it is already well advanced, and in Gaspe, too—although Gaspe suffers from having only a five-months season.

Elsewhere on the Atlantic coast the future will see the concentration of industry at fewer ports, where modern processing and modern fishing methods will ensure more adequate living for fishermen. I shall return to this problem later.

You see a striking contrast between the development of agriculture and that of fisheries in the past forty years. Behind agriculture's progress goes quite a big national effort. Hon. members know the work of the federal Department of Agriculture in its science services, its production and market services, its experimental farms and demonstration stations. Alongside are the efforts of the provinces, both in research and demonstration, and the work of agricultural colleges. But in fisheries our national effort has been small in all these services. In the federal government our job up to 1938 was mainly the conservation of fish stocks. Only recently work has begun on fish inspection and the like. We still lack demonstration services to fishermen, as we have in agriculture.

For all these reasons some of our fishery resources have been under-used, our domestic and North American markets have not been built up, and we have areas of low standards in many of our fishing communities.

So far I have been talking about our coastal fisheries. Somewhat similar problems face the inland fisheries. Today I want to outline the future government program for meeting these problems. Some work has been started, and I should like to mention it first.

In British Columbia, which I mention first for no special reason, the fishing industry has expanded near the limit of the available fish resources. On that coast, therefore, the departmental program has a different emphasis from that in the east. In the west the need is partly for adequate protection of the stocks; and since the war we have increased the number of protective officers and boats to help meet this problem. But of more positive value are the steps being taken to expand the stocks of the valuable species. Such expansion calls for new methods of river management, for improvement of lakes through control of predators, for control of pollution, and in some cases for use of fish culture and hatcheries. This work is expanding in a new division of the department, made up of engineers and biologists.

Here, I might add, we intend to do everything necessary to conserve the salmon resource of British Columbia. We are anxious, however, to co-operate with those interested in hydro development. The department believes fish conservation and industrial growth can proceed without undue restraint on either side.

In the inland areas the direct responsibility of the federal government is in the Northwest Territories. Research has begun on the life history and spawning habits of goldeye, Arctic char and the beluga. A research vessel, the *Calanus*, has been sent to Arctic waters, and exploration at Great Slave lake has in recent years helped establish a new commercial fishery.

To help the fishery in the inland provinces, an inspection system for whitefish was introduced and is being currently expanded. The federal government is working along with the prairie provinces in research into the conditions affecting the fresh-water fisheries.

On the east coast, as in British Columbia, attention has been given to raising the supplies of the valuable species for which there appears to be always a ready market, such as lobster, Atlantic salmon, oysters, and clams. New research work has been undertaken in the scallop, flounder, salmon and shrimp fisheries. To help raise the standards, demonstrations of new fishing techniques are being carried out in flounder dragging, Danish seining, the Larsen floating trawl, and long-lining. This work of the St. Andrews station has already brought changes in fishing methods, and in the regulations issued by the department for conservation needs. On this coast, too, the department has increased its staff of

protective officers, as well as its patrol fleet —as for example the launching of a new 65-foot vessel last month in Shelburne.

Research at Grand river and Halifax stations has expanded in recent years. To help develop the fresh and frozen trade, intensive studies have been made of the problems affecting the keeping qualities of fish, with results that are internationally recognized. New methods of controlling bacteria on boats and in processing have produced striking benefits to the industry. So has the development of salt fish dryers, smokers and machines for washing, cleaning and cutting fish for the expanding frozen fish trade.

Most of the industrial firms in the east are small, and depend for research entirely on the federal government. Only by finding new ways of doing old jobs, or by doing new things, is progress possible. The benefits of this research are evident particularly in southwestern Nova Scotia.

In Newfoundland the terms of union gave the federal government certain responsibilities for the administration of fisheries and the bait service. The integration into the federal government of these services has been completed. In addition, the Newfoundland fisheries board, whose powers now relate to salted fish, is being continued for five years after union. The union of Newfoundland with Canada adds greatly to our stature as a fishing country.

These various steps show what has been done to further the development of Canada's fisheries.

Before outlining our future program I should like to say a few words about the fisheries prices support board. Since its origin in 1947 the board has twice given price support, once in the maritimes and once in the prairie provinces. These two actions were reasonably satisfactory in bringing immediate relief to the fishermen concerned. But the expenditures provided no constructive long-term solution of the basic problems of the fisheries.

Fortunately, despite the loss of many important markets in Europe and in the sterling area, the industry so far has been able to meet most of its difficulties. Serious or widespread price collapse has been avoided. However, some operations have faced and suffered loss.

Prices support legislation alone cannot solve the whole problem. Prices support is a stop-gap solution to meet emergencies. It cannot remove all the hindrances to expansion I mentioned earlier. And these cause low income to fishermen. We believe that the support act is necessary as a short-term measure, but a constructive program must be found to remove the basic troubles. More fundamental remedies are to be found in better organization and methods in the fishing industry, both in producing and in selling. Future prosperity on a continuing, steady basis depends on marketing better quality products, both at home and abroad.

A proposal along these lines was made last May, and later discussed with the fishing industry at meetings in all the provinces. In September the fisheries council met in Ottawa, and gave the government its views on the proposals. I wish now to present to the committee the program we have drawn up.

This program might better be termed a framework for fishery development. It is aimed at removing the hindrances to expansion. Responsibility for its successful application, however, cannot rest alone on the government. We shall expect from industry a full measure of co-operation. On its part, industry must assume its rightful share of the risks as well as the rewards, and in doing so it will show initiative, and I might even say courage, far greater than at any time in the past.

Broadly speaking, future fisheries development probably lies in two directions: (1) in the expansion of North American and overseas markets; and (2) in the development of backward areas, which are primarily in the east but found also in the inland provinces. I should like to deal first with market expansion.

Hon. members will agree with me, I think, that quality determines quantity; that you cannot build a good turnover unless you have a good product. This is true in any trade, but it is especially true for fish. It is quality that sells. Now, getting good quality is not simply a matter of inspection of the product or the plant. Government inspection is only one of the steps. I want to say here how pleased I am that our fish inspection bill has received such warm support from members on both sides of the house. This bill will give us a chance to build an effective inspection service within the department, whereby inspection can be carried out in boats and plants and through the wholesale and retail trades.

But there must be more than inspection. Quality depends on how fish is handled in boats, in plants, in the selling trades—yes, and in the kitchens of restaurants and homes. From sea to table is a long assembly line; each part must do its own job well, but each has to fit into the other. Any program must cover each of these steps and try to provide for the industry the conditions that will allow it to do each of the jobs better.

The market expansion should be sought first, I believe, in North America. With us fish consumption is low, and the chances of greatly increasing our sales are excellent. To this end our program will be in three phases. There will be the extension of fish inspection, which will require a new division within the Department of Fisheries. The second part of the program will cover the assembly line I have already mentioned. We propose to establish another division within the present department, a division of technical services. The object here is to provide fishermen, small plants, and the wholesale and retail trade, with technical help in the improvement of their individual operations. This service would be advisory and would require able and qualified technical personnel. We believe it to be basic, and perhaps even more helpful than inspection for the over-all improvement in quality. We believe also that the provision and use of such a service should be prior to any extensive campaigns of advertising fishery products.

Without expanding on this at the moment we hope to add a third smaller division to the department in the form of a consumer services branch to work in the field of consumer education.

These three new services will be available for the Canadian fishing industry as a whole, although of course special emphasis will have to be laid on the technical development of the backward areas.

In market expansion these new services may be expected to operate as follows:

One section of the new technical services division will probably be devoted to the distributive outlets, giving to wholesalers and retailers in the main Canadian cities the knowledge, developed and approved through research, at home and abroad, that is necessary for better fish-handling. While this service will help to overcome some problems, it may not be sufficient to create the desired retail facilities. More direct steps of a financial nature are not being considered, since we hope that the industry and manufacturers of refrigeration equipment will help finance the extended use of low-cost freezing equipment.

Adequate railway transportation, especially on long hauls, is vital to the successful distribution of fish in North America. Our scientists have played a full part in discovering means of improving such facilities. We now intend to make every effort to encourage both railway companies to use and test the new type of refrigerator car that has been provided, and that can be used not only for fish but for other perishable foods as well. One of our own staff, Mr. Young, is responsible for this equipment.

I cannot deal with distribution without taking into account the export market. The position of some parts of the industry remains crucial and may even deteriorate further. Newfoundland and British Columbia have always leaned heavely on European and commonwealth markets, while the maritimes, in their salt fish trade, have depended on the markets of the West Indies. It is vitally important, therefore, that any general policies that look forward to the opening of such markets or to reduction in United States tariffs should give fullest consideration to the fish trade, and this the government will endeavour to do.

To round out the first phase of our new program, we plan to extend our work in the field of consumer education, as already mentioned. As some hon. members are aware, we now have available a new experimental kitchen. There, under the direction of trained home economists, fish products will be tested and new recipes created. These home economists will also be assigned to field duties, where they will give demonstrations and lectures on fish cooking to women's groups and to schools.

We intend also to develop relationships with those responsible for institutional feeding, with chefs of railways, hotels and restaurants. Not only shall we endeavour to encourage greater use of fish in mass feeding, but we shall also provide for this purpose as many technical services as possible.

To supplement this work we plan to develop new educational aids that will help consumers to know how to buy, what to buy, and how to cook and how to serve fish. We are planning new cookbooks, new pamphlets, instructional films and exhibitions.

The creation of these new services to the industry and consumers cannot be achieved overnight; we have no large industry, no large fishery schools from which to draw staff. Personnel will have to be trained, and some years will pass before the full benefits are evident to all. The important thing is to launch the program now, and to look for new hope and new progress throughout the industry in the next five years.

I now come to phase two of our program, that which concerns the development of backward areas. The administration of the fisheries in some provinces—the inland provinces and Quebec—is left by arrangement to the provincial governments. In the other provinces the federal government has complete responsibility for fisheries matters.

Because of this the department is considering the advisability of calling a conference with the provinces for review of joint action in the areas experiencing difficulty. Meanwhile the following steps will be taken by the federal government:

Earlier in this statement I referred to the underdevelopment of the east coast fishery resources. Accordingly, to help the industry of the maritimes take greater advantage of the stocks available, and at the same time to help them meet market demands for fresh and frozen fish, we have reviewed our policy in connection with Atlantic coast fishing trawlers.

At present licences for trawlers are issued only to Canadian-built ships. It has now been decided that licences will be granted to new trawlers built in the United Kingdom as well as in Canadian yards. Licences will be issued also to the better types of secondhand trawlers, bought either in the United States or in the United Kingdom, and registered in Canada after the payment of duty. Licences, however, will be granted to companies obtaining a secondhand trawler only when that company has laid down a new keel in Canada. These steps will help the east coast fishing industry modernize their fishing operations at somewhat lower costs than before, and the trawlers themselves will help to stabilize supplies and maintain quality and variety of fish foods.

In the backward areas, as already mentioned, there is a special need for the establishment of technical and demonstration services to fishermen and to small plants, particularly in the maritimes and in Newfoundland. These services are as necessary to fisheries as experimental farms and demonstration stations are to agriculture. We plan, accordingly, to use the new technical services division to demonstrate in each of the main fishing areas the best that is known on fishing and fish handling methods. We propose also to develop an intelligence service to fishermen, one of the most important functions of which would be to advise on the whereabouts of fish schools during the various seasons. Some additional staff will be required by the department to carry out this work, and there will be need for the acquisition or chartering of demonstration fishing vessels and gear.

The recovery of the poorer fishery areas in the east may require more than technical guidance.

We know we have to extend greatly our exploration and our surveys of the fish stocks around these coasts, and this too is part of our program. When you go to many of these communities you get the impression that they may be submarginal, that there is just not enough fish locally available to give the men a decent living. But you cannot be sure; so many of these communities depend on very small boats that can fish only a few miles from shore. Their equipment is so poor that they have to wait on the fish coming to them. With better equipment they would fish further afield, and go where the fish happen to be. We are not always sure, however, where fish are to be found, and in what numbers. The survey of the sea is not like making soil surveys. It is more difficult, more expensive, and takes longer to produce results.

I am sure, however, that greater exploration of our fish stocks is necessary—necessary in helping fishermen, and in helping to decide what areas are really submarginal, and what areas merit new investment in the form of harbours, boats, and plants. Much survey work will be necessary to give us the facts on which to reach decisions of value.

There are of course, in some parts of the east, other industrial problems beyond fisheries. The future expansion of the fishery has to be part of a more general program, and the success of such development will depend on the closest liaison between the federal and provincial governments. Each has an important part to play. Likewise the fishing industry itself has a major responsibility. Some parts of the industry may lack the management or the capital necessary for prosperous expansion. This we shall be surveying carefully. But I am convinced that the east has management, and much available capital, too, ready to apply to the expansion. At present there is a hesitation caused by the need to turn to new methods and new products. That hesitation, I am equally convinced, will give place to forceful action as the possibilities within the North American market reveal themselves. After all, if the people of North America each ate one pound of fish more per year, the fishing industry could hardly begin to meet the demand. The future is bright. The resource is there, and if not fully used by Canadians, will be further controlled by other countries.

The program I have outlined can begin now. The new services in inspection, in the technical application of scientific knowledge to fish production and selling, in consumer services, and in the greater exploration of the seas and its valuable species, will all aid market expansion. As it proceeds, the more backward areas can, by federal and provincial action, move in on the new developments.

The estimates now before the committee are of course those prepared a year ago. The new program will begin to be reflected in next year's estimates.

Mr. McLure: I want to congratulate the minister on the wonderful address he has given us on our fisheries.

It is one o'clock, Mr. Chairman.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Mr. W. Chester S. McLure (Queens): When the committee rose at one o'clock, Mr. Chairman, I had just said grace before luncheon by offering my thanks and congratulations to the Minister of Fisheries. I had in mind making some extended remarks myself, but in view of the minister's address, in which he presented the over-all picture so well, I am going to make my remarks quite brief.

Prior to the election last June, the government, through the Prime Minister and the Minister of Fisheries, announced its policies on several occasions. I might say that those policies, and the way they were announced, did not meet with the approval of the fishermen, the fisheries or even myself. It is understandable that they would not suit me. In announcing their policies, both the Prime Minister and the Minister of Fisheries enumerated them in detail, and they always commenced with these words: "The government should do this," or "the government should do that." What we needed at that time was to have a little "will" put into it. I should have liked to see the announcement read, "The government will do this or that for the benefit of the fishermen." I hope the Minister of Fisheries will put that thought into action, so that instead of hearing him say, "My government should do this," I shall hear him say, "My government will do this in the interests of the fisheries."

Some time ago there was a full day's debate on fisheries in this house. At that time the members from the different provinces across Canada extolled the fisheries of their provinces. If I were to go into that in detail today, I would be only repeating what was said at that time. I might say this, however, that in the province of Prince Edward Island from which I come, we have without doubt, and without making any apologies to anybody, the finest fish that are caught. The fishermen are looking for broader and better markets for their fish. This is one of the most important things we shall have to consider.

For some of our products, such as lobsters, oysters, and a few others, we find a ready market at paying prices. For the canned fish and fresh fish, we have practically no market outside our own province. If the minister will fulfil that one part of his policy, namely, the bringing into use of refrigerator cars for transporting fresh fish, and also the establishing of refrigerated stores in some of the large centres, then I believe he will have accomplished something for the fishing industry.

As I said a moment ago, it is not my intention to make extended remarks, but while I am speaking on this vote No. 101, departmental administration, I wish to say that these estimates have been brought down in the usual way. I regret, Mr. Chairman, that the same antiquated ideas prevail, except in the case of the estimates of the Department of National Defence. The committee is being asked to vote approximately $7,200,000 for the carrying out of the work of the Department of Fisheries. Details are given for about 75 per cent of that amount, and then we are asked to vote a blank cheque for about $1,650,000. There are 47 permanent civil servants listed, the payment for whom amounts to $153,620. Temporary services in the same department cost $146,280. The details are given for the expenditure concerning the permanent civil servants, such as the amount each one receives, the position and grade, and so on. When it comes to temporary employees, we do not know whether there are 50, 60, or 100.

My first question of the minister is to give us some details with respect to this additional blank cheque which he is asking this committee to vote. I may say further in connection with this, that there is always a suspicion in the minds of most of us, although it is not voiced by the members on the government side. What else is covered in this vote of $146,280 in addition to the wages for temporaries?

Mr. MacNaught: In answer to the hon. member's question, I might say that the Department of Fisheries has a staff of 300 permanent employees.

Mr. McLure: This is just in the administration branch.

Mr. MacNaught: At headquarters, there are 46 permanent and 59 temporary employees; recommended for permanency, 16; and vacant, 16.

Mr. McLure: The 59 received a higher rate of wages than the permanent civil servants?

Mr. MacNaught: There are 16 who are temporary now but who have been recommended for permanent employment.

Mr. McLure: They receive that $146,280?

Mr. MacNaught: That is correct.

Mr. Gordon B. Isnor (Halifax): Mr. Chairman, I am sure that all those interested in

the fishing industry will be pleased by the statement made by the Minister of Fisheries this morning. He dealt with this oldest industry in its various stages, and finished by stating that the industry is still growing. I like that "still growing" because I believe there is plenty of opportunity for this industry to develop to a great extent. He referred to the activities of the agriculture department. We who have followed the agricultural activities as compared with the fisheries believe we understand just what the minister meant. Perhaps the greatest piece of legislation in connection with advancement similar to that made in agriculture was the recent introduction of that bill entitled the "Fish Inspection Act". The members from the maritimes discussed this bill, and we were indeed pleased at the reception it met with from all groups in the house. I was particularly impressed with the able manner in which the hon. member for Queens-Shelburne dealt with this Fish Inspection Act. While I do not propose to go over all the points raised by him, in fairness to our section of the country I felt that I should once again bring to the attention of the maritimes one or two points raised by him.

He paid a deserving tribute to the fisherfolk of his particular part of Nova Scotia, in pointing out that during the years when things were not as good as they are now in Canada and the rest of the world, namely in the thirties, they by their industrious habits and manner of taking care of themselves did not look for relief but rather went out and through their own efforts raised sufficient vegetables and other things for the household—even by the planting of small gardens on the rockbound coast of Nova Scotia—and were thus able to carry on without any help from the so-called relief fund.

He also touched on what I thought was an important development in Nova Scotia, particularly in his part of the province, when he referred to the processing of kelp. He told us how this was not only used in his own province but was exported to Rockland, Maine, where various drugs and compounds were derived from it and were sold all over the United States. I think the picture he painted with regard to the fisheries industry as it applies to the province of Nova Scotia, and particularly to his own constituency, was exceptionally well received, because I have had many letters stating how pleased the writers were that our new member from Queens-Shelburne had taken such an active part and shown such a keen interest in this particular subject. I thought that it was only fair, Mr. Chairman, that I should pay that tribute today because of the fine picture painted by the minister in his report to us this morning. The two of them will, I think, be well worth preserving and reading in future.

Perhaps you will wonder, Mr. Chairman, why I departed a little bit from the subject. I would judge from the nod of your head and the wonderment on your face that you were about to say "Come back to the subject." It is all part of the picture of the fisheries industry. That was perhaps the first chapter. Then the second chapter was as developed by the minister this morning in his remarks. He covered the ground fully and gave us the program or framework as to the future of his department. I was indeed pleased to know that he had taken a broad view of this picture and that he was not going to allow it to stand still as it has done to a certain extent in the past. Perhaps it is because we have a combination of interests in the minister and the parliamentary assistant. In the minister we have one from the extreme west who is looking after the interests of the fishing industry as it pertains to the west and to the rest of Canada; and with him as parliamentary assistant he has an exceedingly able man from the province of Prince Edward Island. We therefore have one of the extreme eastern provinces and one of the extreme western provinces represented in the combination that exists today.

I think I should also pay a compliment to the efficient organization we now have in the Department of Fisheries. Our deputy minister is one whose reputation is known throughout Canada and the United States, and his name is well known overseas also. Hence I say that we are today in a more fortunate position perhaps than ever before having regard to the expansion of this industry which means so much to us not only in the maritimes and in Newfoundland but also to those who fish in inland waters, as mentioned by the minister this morning when he referred to the inland fisheries.

I am now going to come to what I think is an important branch of the development having regard to Nova Scotia. It will be recalled that prior to 1920 fish was distributed in only five forms: canned, salted, smoked, frozen whole and fresh. It was distributed to a large extent in bulk. Commencing at that time around 1920 distributors at the market purchased fish from dealers at the coast largely in the round form and processed it into fillets at the market. The processors at the coast gradually took over packaging and processing. At Halifax and other places we are concerned

with the development of the fresh and frozen fish industry of the Atlantic seaboard. While I know that figures are not easy to follow, I wish to mention a few to show the marked increases which have taken place since 1932. In that year Canada exported to the United States 671,100 pounds of fresh and frozen codfish. Please note that I said "fresh" and "frozen". There is no suggestion that fillets were frozen and exported in that year. Hence we can assume that the export fillet trade has developed since that time.

In 1946, fourteen years later, Canada exported 39,168,000 pounds of cod fillets. I could also refer to the 1,125,000 pounds of fresh and frozen haddock shipped in 1932 and the increased amount of 3,022,000 haddock fillets shipped in 1946. You will therefore see, Mr. Chairman, the great increase which took place during that fourteen years. This has been a remarkable increase.

The total quantity of cod fillets produced in Nova Scotia in 1932 was 1,760,670 pounds. In 1946—and these are the most recent figures I have—18,509,600 pounds were produced. Of haddock fillets, in 1932 there were produced 3,882,860 pounds; in 1946, 3,194,000 pounds. These figures forcefully indicate the trend of change in the industry. It will be noticed that there is little change in the volume of haddock, but codfish, once despised, has come into popular demand.

Meanwhile, other countries have more than kept pace with Canadian efforts, both in the increase in volume and in the development of other species, both of which factors have created intense competition for the Canadian producer. I am therefore suggesting that the entire face of the fishing industry has undergone a complete change, and the policies inaugurated around 1929 or just prior to 1932, still being in existence, probably do not meet current requirements.

I pause here, Mr. Chairman, again to compliment the minister on his expanded policy. From the policy inaugurated and announced this morning I believe we in the maritimes shall profit to a very great extent, and I particularly have Nova Scotia in mind.

It would appear that the major problem facing the fishing industry, or at least the operator, is the shortage of raw material, which problem arises out of the lack of modern production vehicles, as well as a diversion of edible sea foods to bait services. Lack of raw materials creates certain major problems in the conduct of production and merchandising. I think the minister is familiar with that problem, and I am going to suggest a few subheadings, which read as follows: one, increasing overhead costs become excessive when applied to the small volumes available; two, difficulty is found in recruiting, retaining and satisfying suitable plant personnel; three, because of the first two factors, irregular employment is created; and, four, plant personnel cannot become proficient in exercise of skill.

Mr. Harris (Danforth): I want to ask a question. Has it now got to the point that hon. members must rise in their places and read essays on certain subjects? What is your view, Mr. Chairman?

Mr. Isnor: When I have been speaking in the past the hon. member has risen and raised the same objection. I have listened to hon. gentlemen talk at random quite often. I am trying to be as specific as possible in placing before the Minister of Fisheries constructive criticism, and in doing so I naturally have to refer to notes.

Mr. Fraser: The hon. member talks at random once in a while.

Mr. Isnor: The next point I should like to emphasize is that lack of continuity of supply engenders inefficient plant organization. As a businessman the hon. member should appreciate the definite manner in which I am placing these suggestions before the committee.

Mr. Harris (Danforth): Mr. Chairman—

The Deputy Chairman: The rule is clear that speeches must not be read. I understand that the hon. member for Halifax is about to conclude his remarks, and is following his notes.

Mr. Isnor: Mr. Chairman, I would not want you to think that I am going to conclude my remarks immediately. I definitely want to make some constructive suggestions to the minister.

Mr. Harris (Danforth): Read on.

Mr. Isnor: My fifth point is that markets are lost to foreign competitors and other food products because of shortages. If I were asked, Mr. Chairman, to name which of these factors were the most important I would perhaps say lack of continuity of supply and losses sustained to foreign competition. These are the two outstanding factors that we must contend with, and I am sure that the minister and his parliamentary assistant will take note of them. To these factors must be added the expense of maintaining a sales force and sustaining advertising campaigns with inadequate market coverage. The minister brought that out this morning in his statement when he referred to the need of advertising and making known the good quality of fish so that

it could be brought from the sea to the table in such a state that it would be well received by those at the table. That can be done only by proper marketing and by making known to the consuming public the benefits of eating more and more good fish.

I desire to point out that the growth and expansion which I have outlined have been accomplished with a minimum advertising effort and merchandising. It is claimed by certain operators that because of restrictions pertaining to the industry, arising largely through the opposition to modernization, we are not in a position to meet foreign competition, and unless a change of policy is forthcoming we shall lose the markets we now have. Again I say to the minister that he has recognized that fact and has made a change. Because of that change I believe we shall not have the difficulty we have had in the past with regard to modern foreign competition. I well recall not so many years ago, Mr. Chairman, the opposition to the introduction of steel boats. As far as I can ascertain this opposition no longer exists. At that time the inshore fishermen felt that they could not find outlets for their production. Credit for the improved condition of the inshore fishermen, it is believed, is due to the government's action in assisting these fishermen in the diversion of their efforts and in more profitable operations. Perhaps I could mention in particular government assistance rendered the lobster fishermen toward the improvement in the transportation of their product, and assistance in improving methods of curing, packing and grading salt and pickled fish, and in making modern transportation available in the expansion of highway systems to isolated villages. I think that has been a great help in providing collection services in the different provinces. That has been brought about largely through co-operation with the provincial highway departments, which have made possible the extension of good roads into those isolated fishing villages; thus providing a means of transportation from the fishing villages to the centres where the fish is disposed of.

Then again opposition to modernization was found to be coming from the deep sea fishermen who desired to enhance their earning opportunities by seasonal operations in salt and fresh fishing. To a great extent improved markets have eliminated their concern in that regard. Today I think it can be said the opposition comes primarily from the shipbuilding industry which naturally wishes to sell its services to the fishing industry. I wish I had time to develop this thought. Perhaps I shall do so at some future date. I say that because of the policy placed before us this morning by the minister. He said that he would permit certain types of ships to come from the United Kingdom and also from the United States. By that announcement he is going to meet the opposition to the competition which we have had to face in the maritimes in respect to a foreign type of ship which was permitted to fish off our banks at a time when we were unable to compete with that same type of ship. Because of that we were losing much wealth in our own country.

To regard this problem objectively, we must recognize that durability and efficiency of steel are essential to modern industry. I think the action taken by the minister will bring about the results desired, and we shall then be able to improve and operate along economic lines and thus compete with the modern foreign equipment. I feel, Mr. Chairman, that the steps taken this morning will be of real assistance to our fishing industry, and will also aid the shipbuilding activities of our country. As I understood the statement made this morning by the minister, it is to the effect that when one fishing concern brought a ship into this country, either from the United Kingdom or from the United States in particular, that firm would be obliged immediately to lay down a keel for a fishing vessel or a ship of a similar type. If they could not—

Mr. Mayhew: May I just make one correction? It is just the reverse. When they have laid down a keel in Canada then they may bring in a secondhand boat either from England or the United States.

Mr. Isnor: Thank you. I will say that as soon as a company shows enterprise by laying down the keel for a new fishing ship, they are then at liberty to bring in one foreign ship of the type mentioned by the minister. I say that should add greatly to our position in the matter of meeting competition from foreign ships.

I should like also to draw the attention of the minister to the need of storage refrigeration facilities along the Atlantic coast, as well as in other sections of Canada. I do not believe the minister touched on this matter this morning. As of August 1, 1949, the very latest figures I was able to procure, cold storages on the Atlantic seaboard were congested with some 5,860,000 pounds of herring and 3,110,000 pounds of mackerel, a large proportion of which will be used in bait services. This was mentioned in a speech made recently by the hon. member for Antigonish-Guysborough (Mr. Kirk). He enlarged upon the matter to some extent, and I suggest his remarks should be kept in

mind by the minister, his parliamentary assistant and his officials when we are dealing with this matter of enlarged storage facilities.

Total holdings of frozen fish on the Atlantic seaboard as of August 1 were 19,070,000 pounds; hence, approximately 47 per cent of the total cost of storage constitutes a dead burden on the industry. This is an uneconomical method of conducting business. The industry now finds it necessary to use this fish as bait, and carry this burden of services. It is suggested that this burden could be converted to an asset by diverting this large volume of edible food into human food channels.

It is felt that this factor is a real argument in favour of modernization of fishing vessels, or the shipping to which I have referred. Reference was made earlier to the development of other species of fish for the human-food market. In particular it is desired to mention the rosefish industry developed in the United States, which commenced in 1934 when 539,000 pounds of fish were sold.

In the port of Gloucester alone in the year ending December 31, 1948, we find that 178,800,000 pounds of rosefish were landed at a value to the fishermen of $7,405,740. That is the point I had in mind a moment ago when I said there was much wealth being lost to Canada by not using modern fishing equipment.

Except to the extent that Newfoundland processors have recently produced redfish fillets, Canada has not participated in this development, even though 60 per cent of the raw material used in this development was taken off the shores of Nova Scotia. Contemplating the policies governing the expansion of the fishing industry on the Atlantic seaboard, it appears that the department, in view of the announcement this morning, has recognized the value of this type of fish. I am very pleased to note this expansion in policy and, as I said before, it is my view that if this is continued we will certainly add greatly to the wealth of our fishing industry.

In closing I would say that the increased production of fish processors would have the effect of adding to the numbers employed. In his remarks the minister stated that they were not operating to capacity. One processor told me that he was operating at about 70 per cent of capacity. With the increased catch he would then be able to employ steadily a larger number of employees, and increase his production by 30 per cent, or bring it up to its 100 per cent capacity.

I say the policy the minister announced should add to employment as well as to the improvement of the fishing industry itself.

I would ask the minister to let the committee know what he and his department are doing in regard to oceanography. Two or three weeks ago I received a copy of the magazine *Think* in which appears an article entitled "Science of the Sea", and the article proceeds to show that the science of the sea is that of oceanography.

Because of this article I placed on the order paper certain questions to which I received full replies. I sent those replies to the fishing interests in Nova Scotia, who were pleased indeed to learn of the steps already taken to carry on studies in this important field of science, so far as the fishing industry is concerned. I hope the minister will be in a position later to enlarge upon the statement he made this morning by telling the committee what the department proposes to do. I am of the opinion that we should have greater study and training in connection with this subject, both on the extreme west and east coasts. At a meeting of Canadian universities last June this question was studied and a resolution was passed favouring the inauguration of studies on both coasts.

In closing I would ask the minister or his parliamentary assistant to comment on the following matters:

Will the increased use of steel fishing boats assist our fishing industry, and to what extent? I believe the answer can be given in the affirmative, but I should like to know the extent. I am referring to the minister's suggestion this morning concerning the use of a larger type of boat.

Will consideration be given to the production and processing of the rosefish so as to cater to additional markets?

Would the minister advise the committee as to what steps are being taken in respect to oceanography?

Mr. G. F. Higgins (St. John's East): Mr. Chairman, it was a pleasure to listen to the minister this morning deliver an excellent speech in which he outlined the policy of his department. I have already offered to him my congratulations on other occasions; today he has shown the obvious interest he has in his work and the attention he has paid to his department since he assumed leadership of it.

The minister's statement was all-embracing, and indicated clearly the amount of work that has been done by him and by his staff. It was particularly encouraging to the fisheries-minded persons from the new province. Hon. members may not realize it, but the fishing industry of Canada is a $200 million industry. As the Prime Minister said in September when addressing the fisheries council of Canada, a long time ago two fishes fed a large crowd; today the fishing industry

of Canada can indeed feed a large crowd if it is properly encouraged and if the proper care is taken of it, as the minister indicated today.

The minister made one statement this morning which rather made me sit up and wonder whether I understood it correctly. He referred to the new trawlers which it was proposed to build, and said that many foreign vessels were catching fish right up to our coastal limits. Advocating the building of new trawlers, he said that licences will be issued also to the better types of secondhand trawlers, bought either in the United States or in the United Kingdom, and registered in Canada after the payment of duty. To me that statement was a startling one, knowing, as I do, something about the fisheries on the Grand Banks. On a fine day there it looks like a gathering of the United Nations, because you see ships flying the flags of Portugal, Spain, Iceland, Norway, France, the United States and Canada. I think we all know what has happened to the United States fishing grounds. Through the use of trawlers they have been cleaned out, and now they are coming up to the Canadian grounds to fish.

Mr. Winters: Is the hon. member referring to the use of a trawler in the sense of a fishing schooner, or to the newer method of trawling or dragging?

Mr. Higgins: I have no practical knowledge of the fishing industry, certainly nothing like the knowledge of the hon. member for Grand Falls-White Bay, but, as I understand it, trawling of any kind is dangerous to the future of our fishing industry. The minister will be able to deal with this much better than I, but I am told that by the use of trawlers many of the small fish are killed in the bringing up of the general haul. Because of the pressure, many of the small fish cannot get out and are killed.

The point I am trying to make is that the United States banks have been cleaned out and United States trawlers are now a dime a dozen. They now come down to the Grand Banks and the banks outside Halifax in order to fish. The use of trawlers may or may not be bad, but I think members such as the hon. member for Halifax should be worried about how our fishing industry will be affected. What is going to happen to our inshore fishing, the small man who works out from his home with his motorboat and dories? If trawlers are to fish right up to his front door, what is to become of him and his family? He will have no livelihood. I may be voicing the views of an amateur, but I submit that this is a serious matter for the industry. The little experience I have had would lead me to believe that there is a real danger to the Canadian fisheries. We know what has happened to the European fisheries, and we know what has happened to the United States fisheries. Is it to happen to our fisheries as well? I do not believe the minister will allow it to happen.

The same thing is happening to our seal fishing. During the past few years more foreign fishing boats have been fishing in Newfoundland waters. Last year some six or seven Norwegian seal fishers came to our waters. Some regulations will have to be prepared to cover this matter as well. After all, these fisheries are ours—and I speak in the national rather than the provincial sense. They offer great future possibilities, and they should not be destroyed.

As I say, consideration will have to be given to the effect of trawler operations upon the inshore fisheries of Canada. I shall not say anything more on this matter at the moment, because I am quite certain some of my colleagues from Newfoundland will wish to speak on this subject, and will be able to do so with more authority.

I was glad to hear the minister say that more would be done in the way of fish conservation. I was glad to hear that a kitchen has been set up in his department to demonstrate the proper cooking of fish. I understand that the per capita consumption of fish in Canada is ten pounds per year as compared with the European consumption of about forty-five to fifty pounds per year. If we can get the Canadian people to eat another five pounds per year, which is not very much to ask, I doubt if the fishing industry will be able to catch sufficient fish to meet the domestic demand.

When hon. members go home to their constituencies they should advocate the eating of fish. They should not forget that fish is a great brain food. From this point of view there may be hon. members who would not want to have their constituents eating too much fish; but it is worth thinking about.

Mr. Riley: On what does the hon. member base his assertion that fish is a brain food?

Mr. Higgins: All I have to say is, look at the Newfoundland members.

The minister also referred to the salmon and lobster fisheries. In Newfoundland we are particularly interested in salmon fishing, which is extremely valuable. The British Columbia members, I assume, are also keenly interested in salmon fishing, but there is some difference between the Pacific and the Atlantic salmon. Pacific salmon

make their runs up the rivers once a year and die, whereas the Atlantic salmon spawn a number of times.

The Atlantic salmon are being fished with cod nets much too close to the rivers. I have no doubt this is happening in the Nova Scotia rivers as well. I know definitely that our salmon catch is steadily dropping, and unless serious measures are taken to conserve our salmon fisheries in the not too distant years there is going to be a very poor outlook for salmon. I do not know whether this matter comes under the minister, or whether it is in the jurisdiction of the province, but I suggest that it might be advisable in certain of our rivers, where the fishermen now are catching the salmon as they enter, to take on those fishermen as wardens or something of the kind. In other words they might be paid the amount they would ordinarily obtain by fishing, and have these rivers kept free for the fish coming in.

Do I make my point clear? In each of these little bays where the rivers enter there are probably ten or twelve fishermen catching salmon. They take large quantities of fish, for which they receive very low prices. If these people could be subsidized, by the amount of their average earnings over a two or three year period, and not put their nets in those rivers, I think it would be well worth while. The hon. member for Halifax is aware of the great salmon fisheries that existed in Nova Scotia in the early days, and he knows the conditions there now. You have to be a pretty smart fisherman to catch a fish in some of those rivers in the maritimes these days, and we do not want that to happen in Newfoundland. In all sincerity I offer that suggestion to the minister, from my experience as an amateur fisherman, as something which might well help solve the problem in our province.

The minister mentioned canned fish, and this brings to mind a very interesting development, of which no doubt the minister is aware. In the *Financial Post* of November 5 there was an article describing the shipping of live lobsters in tins. This is an unusual development and the article states:

> The project was originated by J. R. MacDonald, a Boston seafoods packer, who has established an operation in Prince Edward Island, believed to be the first of its kind in the world.

If this is feasible, as apparently it is, we might create a market for lobsters in many parts of the world where they cannot be sold at the present time. As I say, the minister is probably aware of this development, and I merely mention it for the information of the committee.

The minister also referred to the fisheries prices support board. In *Saturday Night* of October 25 I saw this item in that connection:

> The fisheries prices support board spent more than one million dollars buying a variety of fish to support prices, but managed to sell less than $12,000 worth. It marked off more than $500,000 as total loss and still has an inventory of about $634,000 worth of fish products at the end of the fish year, March 31, 1949.

I do not know whether that is correct, but if it is, I believe something should be done about it. It is all very well to support the industry; I agree with that in every way, but would it not be very much better to give those fish products to some of the countries that need food at the present time instead of holding them in stock? Otherwise they will go bad and be of no use to anyone. I think all hon. members will agree that when our warehouses are stocked with butter, fish and other commodities, as they are today, and when people in other parts of the world are hungry—

Mr. Mayhew: That is exactly what we did with the fish we bought; we gave it away to needy people.

Mr. Higgins: Thank you; I did not know that. You may count on my active support in a program of that kind; I believe it is a splendid idea, and I think all hon. members will agree with it. I wonder if the Minister of Agriculture is going to give away his butter.

I thoroughly agree with the proposed packaging of fish and the general program envisaged by the minister in connection with fish inspection.

I have no comment to offer on the fine statement he made today, with which I entirely agree, except with respect to these trawlers; and on that note I should like to close my remarks. I believe serious difficulties may be avoided by proper precautions and proper protection with respect to trawlers. We have to think of the ordinary little man who is carrying on as a fisherman, and what is to become of him. If the hook-and-line man who depends upon his dory and his motorboat to get a few fish is to be put out of business by trawlers operating right on his doorstep, then I am afraid a great number of people may be on the dole in the not too distant future. It is something we must guard against. I should like to feel sure that we are not going to have any United Nations gathering out on our fishing banks, which I believe should be recognized as Canadian banks and preserved for Canadian fishermen.

The minister was kind enough to tell me he was going to answer a number of questions I submitted to him earlier. I do not know whether he would be prepared to give those answers now, but I believe he has the questions before him; therefore I need not repeat them. If he is prepared to answer them, I should be glad to get the information.

Mr. Isnor: I did not wish to interrupt the hon. member, but would he be good enough to tell us when any inshore fishermen ever took his dory to the Grand Banks?

Mr. Higgins: Not in a dory, of course; I did not say that.

Mr. Isnor: That is what the hon. member implied.

Mr. Higgins: I say the trawlers are going beyond the Grand Banks, and will soon be fishing on the very doorsteps of these men. That is what is going to happen. I do not know whether the hon. member advocates the unlimited use of trawlers. He comes from the maritimes; surely he would not.

Mr. Isnor: Is the hon. member aware that at the present time there are restrictions in regard to the distance within which trawlers may be used?

Mr. Higgins: I see the hon. member for Grand Falls-White Bay in his place, and he would be much more competent to answer those questions than I am. All I know is that I am very much concerned about the use of trawlers, and I made that remark because I feel that definite restrictions will have to be imposed upon their use.

Mr. Isnor: Apparently you do not know.

Mr. Daniel McIvor (Fort William): I come from a constituency that is outstanding for its fresh-water fishermen and fish. If the lake Superior trout is properly cooked, it will compare favourably with any other fish to be found anywhere.

I have sat in this house in past years and listened to the battles that were fought by members from the Pacific and Atlantic coasts for various reforms in connection with our fisheries, and now those reforms are being brought about. I am sure if the former hon. member for New Westminster were in the house now he would be happy to see so many of his suggestions put into effect.

I have a request to make of the minister. I know at one time the department issued a cookbook showing how to cook fish. I wonder if the department has another, or if it has an improved edition of the original cookbook. My suggestion, which I think would help him carry out his policy, is that he send perhaps a hundred of these recipe books to each member of the house and each member of the other place, so that they could put them in the envelopes with their Christmas greetings. It would not cost a great deal, and even if each hon. member had to contribute the cost I think it would be well worth while.

When I think of the minister and the way he speaks in the house, and when I consider the results he has achieved, I think of a man whose accomplishments speak louder than his words. We hope he may be long spared to continue to bring about these reforms.

Mr. C. T. Richard (Gloucester): I do not agree with the remarks made by the hon. member for Queens when he says that when the fisheries department announced a policy, he would like to hear the minister say "I will do such a thing," instead of "I should". I believe the minister can say "I have done those things," because I believe much credit is due to him for the improvement that has taken place in the fishing industry in the last few years. It is my opinion that more has been done to promote the interests of the fishermen during the last fifteen years than was done in all the years previous to that.

Let me give you an instance. In my county, until a few years ago, deep-sea fishing was carried out in schooners valued at about $2,500. They were powered by a gasoline motor, and the method of fishing was by a hand line or set line. Through the assistance given by this government, today we have sixteen draggers each of which cost in the vicinity of from $25,000 to $30,000. Some of these boats have brought in over one million pounds of fish in the last season; that is a lot of fish, Mr. Chairman. The whole system of the fishing industry on the north shore of New Brunswick has been revolutionized.

I do not believe too much praise can be given the minister for the businesslike way in which he has tackled these problems, and the policies which he has inaugurated. By talking to the fisherman themselves, the shippers and the packers, he has created a better spirit. They appreciate that they must throw their efforts behind the program of the fishing industry. I believe that by bringing these people together, the minister has promoted a better spirit between the fishermen in the province and the buyers. I hope that the new policies the minister mentioned this morning will be adopted promptly, for I am sure they will mean a great expansion in the production of fish, especially in the maritime provinces. I believe the total production of fish in the

maritime provinces is approximately 100 million pounds. I can safely say that it would be easy to double this amount.

We are finding new markets for our fish. The trend today is towards fresh fish. In my county, most of the fish produced a few years ago was processed by the sun-cure method, and shipped to the European market. Today that same fish is being turned into fresh fillets, and is finding a ready market in the nation to the south of us. This has meant a much higher standard of living for the fisherman, for he is getting better prices than he was formerly. During the depression years, I recall fishermen selling dried codfish for as low as $3.50 or $3.75 a quintal which is about 112 pounds, and it took 220 pounds to make a quintal. Today, a fisherman is receiving 2½ cents for round fish, which means that these draggers I have mentioned produce about $25,000 worth of fish in a short season of five months. This means a great development for the fishing industry.

I may say that the fisherman has enjoyed a good season, and the fishing industry is the one thing in New Brunswick that has not shown any disturbing signs. In lumbering and other industries, there are signs of a recession, but the fishing industry has bright prospects. I hope that with assistance, such as was given by the government in the past, the fishermen will continue to prosper, for they have seen too many difficult years.

Mr. A. W. Stuart (Charlotte): First, I should like to congratulate the minister on the statement he made today. I am convinced in my own mind that, some time in the near future, we may expect the fisheries department to become a major department instead of the minor department it has been since confederation. It would be impossible to place too much importance on the fishing industry in this country. Many people are dependent upon it for their livelihood and, with proper management, it could be greatly improved. The welfare of our fishermen could be improved, also.

This great improvement, which I expect to see some time in the future, can be brought about when the fishermen of this country are taught to produce a better article. I have stated repeatedly that the Department of Fisheries, instead of trying to educate the fisherman to produce a better article, regimented the fishermen too much. They were told what they must do, and they were never given any assistance. Today I believe the department is teaching young men in their employ to be of assistance to the fishermen. When you find the employees of the fisheries department making friends with the fishermen, advising them, and helping them with their problems, you will find the industry will improve.

Speaking of the loss of markets in Canada, I believe that the fish-canning industry of this country has been hit harder than any other industry from the Atlantic ocean to the Pacific. Very little is said about it, however. During the war no trouble was experienced in marketing anything that could be put into a can. I often wondered why, when shipping space was so valuable, Britain could take any quantity of canned fish we were able to produce. In many cases, that fish was a gift from this country to Britain. When the war was over, after the fishing industry had gone a long way in assisting that country, we found they had no more use for Canadian fish.

Some people will say that the British have not the exchange. A little over a year ago I was in Britain and I was disturbed on being informed that Russian salmon was appearing on the British market. It was not bought with sterling, but the British had bartered tin plate for this Russian salmon. At that time all the warehouses in British Columbia were filled with salmon. I know that many of the delegates who were there tried to buy the B.C. salmon to take back to their country, not just a few cases, but carloads. They had to take this Russian salmon. It has not been explained to me why the tin plate could not have been bartered for Canadian fish.

The statement made by the Minister of Agriculture which was quoted in today's press is in line with what I have thought since the war ended in 1945. I do not believe Britain has treated this country the way it should have been treated; that is my personal opinion, but I do not hesitate in expressing it. We did everything we could to help Britain. We made gifts and loans of over $5 billion, yet today when we want to sell fish or anything that is produced in this country, the British turn it down. No reasonable explanation has been given to me for this state of affairs.

Previous to the war, the little county from which I come was shipping canned fish to one hundred different countries in the world, many of them within the commonwealth. Today this market has been lost to a great extent. In former years, we had no trouble disposing of all we had to offer. The quality is the same today or better, but it is utterly impossible to get into that British market and sell anything we produce down in the maritime provinces.

From following the discussions I have learned that one should not refer to previous debates in the house, but we have heard it said, and we have been warned, that we should watch carefully our neighbours down to the south of us. For just a few minutes I want to tell hon. members what those neighbours down to the south of us mean to the people of the maritime provinces. We will take the lobster industry, for instance, which is a big industry in the maritime provinces. In the four maritime provinces and the state of Maine we produce practically all the lobster that are produced on the North American continent.

Mr. Stick: What is that?

Mr. Stuart (Charlotte): I said that in the maritime provinces and in the state of Maine we produce practically all the lobsters that are produced on the North American continent.

Mr. Stick: I thought you said on the North American continent.

Mr. Stuart (Charlotte): That is what I said, on the North American continent, and I think that statement is correct. More than 95 per cent of those lobsters produced in the maritime provinces are sold in the United States. Those figures are correct. About 60 per cent of the sardines that are caught in the section of the country in which I live are sold in the United States. Ninety per cent of the scallops dragged in the bay of Fundy are sold in the United States. About 80 per cent of the groundfish caught in that section of the country are sold in the United States. We have another industry that few people know anything about. That is the herring scale industry. It may sound trivial to hon. members but the herring scale industry in my part of the country means hundreds of thousands of dollars to the fishermen. They are sold 100 per cent in the United States of America.

When we speak of the balance of trade, I often wonder if the people of Ontario and Quebec realize just exactly the position we are in down in the maritimes. There is nothing that we have to offer that they want in central Canada. We are obliged to go to our neighbours to the south of us in order to sell our products. But when we bring that money back into Canada, if there is anything that we might want for our homes we have to go to Ontario and pay two prices for it. Those are actual facts. There is nothing they want to buy from us but they are always ready to sell.

I have told this story on many occasions. Down where I live there are many hundred of articles that I can buy in the United States for fifty per cent of what is charged for them in Canada. That is no exaggeration. I can give you the price tag if you want it.

An hon. Member: Give us some.

Mr. Stuart (Charlotte): Very well. I saw a refrigerator in Calais, Maine, one month ago for $165.

The Deputy Chairman: Order. I would ask the hon. member to confine his remarks to the item under discussion.

Mr. Stuart (Charlotte): If the hon. member wants a reply, he is welcome to it. The same article sells for $340 in Canada, made by the same company.

When you speak of balance of trade I wonder why we down there are obliged to find markets somewhere else, but when it comes time to buy something we need for our own homes—and these are not luxuries today, we would all like to get them for our homes—we have to come up here and pay the people in Ontario two prices for them. I might mention here the austerity program that was put into effect a short time ago and which to my mind was necessary at that time. The manufacturers of this province took full advantage of it, and when the time comes for all restrictions to be removed, you will see the price of the article I have mentioned decrease 33 per cent overnight. They are taking full advantage of conditions.

To show you that these people to the south of us, who many of our friends think are selfish, are not as selfish as they might be, I want to read a very short piece from the Maine Coast *Fisherman*, which in my estimation is one of the best fishing magazines published anywhere on the North American continent. The editorial is headed "Lobster Tariff" and it reads as follows:

> "Why don't they put a tariff on Canadian lobsters?" lobstermen frequently ask. It doesn't look to us as though there is much chance of such a tariff ever being put into effect.
>
> Our government, expressing the will of the majority, has adopted a free trade policy. We Americans have told the world we believe in lower tariffs everywhere to encourage greater interchange of goods. We believe the trade thus created leads to better economic conditions. We believe this helps world peace.
>
> Even if a tariff were set up, it is questionable whether it would help the Maine lobsterman in the long run.

This is the state of Maine. To continue:

> It is an artificial way of forcing the consumer to pay a higher price for lobster. Furthermore, Maine cannot possibly supply the whole market. There would be fewer people eating lobster and paying a good deal more for it. The market would contract, the consumer would rebel, and sooner or later we'd be worse off than we were before.

That is the attitude of the *Fisherman* in the state of Maine, with whom we are competing today. That magazine is read by every fisherman in the state of Maine and that is the opinion expressed by the editor. If they should put a prohibitive tariff on fish that are caught in the maritime provinces, you could buy the maritime provinces for $1.50 an acre and you would take a big loss. We are wholly dependent on that market.

I am not going into the confederation issue. But many times, when people tell me that I am an American, I wonder whether, if at the time of confederation we in the maritime provinces had decided that we should like to go on the other side of the border, we would not be better off today. Again, as I say, I never hesitate in expressing my personal opinion; and that is my opinion at the present time. Under the set-up in this country I believe that if we were part of the United States there would be a great deal more prosperity in the maritime provinces than we are enjoying at the present time. There is nothing that we can sell in central Canada. The only thing we can do is to buy there and to pay two prices for what we buy.

I intended to be brief when I rose to my feet, and I think I shall stick to that idea. If we wish to help the fishing industry, it can be done with quality only. The one thing that will assist the industry is to produce better quality. I know the minister has that in mind, and I believe the department is behind him 100 per cent. You might market fish products marked "C.S." Canada standard, but that is not going to sell it. It is the quality that is in the can that is going to sell it. To a great extent I believe the trade mark is the thing that catches the eye of the purchaser. In order to produce better quality an educational program must be encouraged by the fisheries department. I have this statement to make before I sit down. Rather than go out among the fishermen and tell them that they cannot do this, that they cannot do that, hale them into court, fine them and do everything you can to make it disagreeable for them to get along, if the members of the fisheries department forget all about that idea and consider the fishermen their friends and act as their advisers, the fishing industry can go a long way.

Mr. Donald Smith (Queens-Shelburne): I had not intended to say much at this time, Mr. Chairman, but the minister's statement this morning has aroused my interest in this discussion. It was without doubt a most comprehensive statement of government policy. It was the most comprehensive one I have ever heard of government policy with regard to the fisheries in this country; and I am firmly convinced that it is the beginning of a big national plan in the great fishing industry.

I do not want to keep the house too long and I shall therefore be as brief as I can. I might ask the indulgence of hon. members, bearing in mind the fact that I have occupied so little of the time of the house up until this time; if I should delay them for five minutes or so I hope I shall not lose any friends.

I do not want to spend any time talking about quality. That is something that was discussed at great length in the house some time ago. The department and everyone else in the country is now well aware that the success of the fishing industry depends to a large extent on the quality of the product. I was glad to note in the statement made by the minister this morning that some emphasis is to be put on the establishment of consumer services. That is an excellent idea. In that regard I have just one thing to say, namely, that it does appear to me, and to many others in the east at least, that when the fishery cookbooks were sent to the publisher they came off the presses with complicated recipes for the preparation of fish. They contained substances to put into the cooking of fish which were hard to obtain. I should like to emphasize that the more simply fish is cooked the better it is. There are three or four changes that are most important. The fish must be bought in fresh condition. It may be cooked simply or otherwise but it must be cooked quickly, and certainly it must not be cooked too much. The fourth part of the change so far as the consumer is concerned is that as soon as it is cooked it must be served. Many of us from the maritimes have noticed that in the best hotels and the best restaurants of this country it is most difficult to get fish such as we would have served every day, if we like it that often, in our own homes.

I also regret to say that even in the best hotels and the best restaurants in Nova Scotia they have not yet arrived at a point where they can serve fish of a quality equal to that served in most of the homes along the fishing shore of the province.

I want to say just a word about the institution of technical services. The objectives outlined in the statement made by the minister were certainly sound, and I was glad to note that the department realized the necessity of able and qualified personnel in regard to the advisory services of a technical nature. In this regard I think it will be generally realized that qualified personnel is not easily available. I hope that the department will recognize that this kind of service will not

oe helpful to the fishermen and to the fish processors unless it is staffed by qualified personnel. In my dealings with the Department of Fisheries I have found that they are always open to suggestions. I would hope that they would be open to the varied suggestions that are made in this discussion today.

The second point in the statement made by the minister, apart from quality, was the reference to the quantity. That reference to quantity concerned itself with something about trawlers. Some years ago on certain parts of the east coast there was quite a lot of opposition to the establishment of trawlers to any great number. There was a movement on foot which would have resulted in the banning of all licences for trawlers; but I do not think that the fishermen and those concerned with the fishing industry are as prejudiced today as they were some years ago. I think it is realized by all that there is need for trawler fish to ensure continuity of supply, even though a great deal of the trawler fish is very inferior in quality to that which is obtained by fishing from small boats. I am not quite clear on the reasons for the proposed encouragement of the operation of more trawlers. Is it that present market demands are not being met by the present methods of fishing? If that is so I think all progress should be made in modernizing fishing methods to secure all the fish that can be sold. But if market demands at the present time are met I should think that restricted action with regard to the issuing of licences for trawlers would be advisable. It would be advisable until the expansion of the market has demonstrated the absolute necessity of going into the larger productive method. I am quite sure that the farmer would not expand his farm without some knowledge of the future market. I do not think that many manufacturers would increase the capacity of their plants unless they were fairly certain that there was a market that they could supply at a profit. If this market does not exist at the present time, or if the market which we now have shrinks—that is a factor which is feared by a great many people in the fish business—I am wondering what the effect of more licences will be on these small boat owners of our province. In the constituency which I have the honour to represent there are actually thousands of those small boats, and these people are really the backbone of our economy. They are the backbone of our national effort in peace or in war, as has been very well demonstrated in the past.

I should like to point out that these small boats are getting larger. I do not mean they are getting soaked in the water, but the fishermen are gradually moving from smaller sized boats to larger sized boats. There was a time not very many years ago when fishing from so-called small boats was done close to the shore; but now there is a large number of these boats of a size which permits them to go quite a number of miles out to sea to fish on the banks. They go on two-day trips or longer. They are going to be worried, and I am going to be worried about the economy down there in connection with the questionable injury and the possible destruction of those grounds which are reached by these medium-sized boats. The western Nova Scotia fishermen will have great fears of the effect of any large increase in trawler licences. I have no doubt that the department is also aware of all these angles and will not grant licences to the detriment of the small-boat fishermen.

Mr. W. J. Browne (St. John's West): Mr. Chairman, although I did not have the pleasure of hearing the minister's speech this morning I have had the opportunity of reading it since. I would like to congratulate him on the manner in which he delivered his speech. I am sure he has taken a great interest in the fisheries of the maritimes, of Newfoundland and of the west coast as well. Since Newfoundland is very much concerned with fisheries I feel I would be recreant in my duty today if I did not make some observations on some of the statements which are to be found in the minister's speech.

The fisheries of Newfoundland are the most important industry in that province. Although the value of pulp and paper may exceed the gross value of the fisheries, nevertheless in the distribution of the returns the fisheries take first place. The fisheries concern more people. There are 30,000 fishermen, and they are scattered all over the island, all around its six thousand miles of coast line. Observations have been made in regard to the trawlers. As everyone knows, trawlers are boats that carry around twenty or thirty men. I know how they operate out of St. John's. When they were introduced into St. John's just a few years ago these boats operated in this way. They would come in with a load of 200,000, 250,000 or 300,000 pounds of fish, unload them and off they would go again, once a week, regularly just like a train on a schedule. I know the people who have brought these trawlers in and financed them are doing very good work. They have two or three very modern plants in St. John's. A number of people are employed at these plants when the fish come in, but I do not think, Mr. Chairman, that that fishery is to be compared with the salt cod fishery—that is, with the fishery that the people engage in around the Newfoundland

coast. Take any of the little settlements around Newfoundland where the men are engaged in hook-and-line fishing or in trawling or in trapping, and in curing their fish. Such fishing is important to the fisherman because it is his vocation, his livelihood. He does not have to leave his home and go to St. John's, living away from his family. It is a way of living for him. It is a better thing economically for our country than an intensification of fishing through the use of trawlers.

The minister said, in effect, that the department is reversing the policy of former years by giving more licences. What is the limit of the number of trawlers going to be? How many are going to engage in this enterprise?

At the present time we have the French, who are supposed to have forty new trawlers this year. We have the Spanish, and we have the Portuguese. I think the Portuguese are the best of them, because they fish from small boats. But these big draggers which go over the banks are doing the simplest kind of thing; they put out a big dragnet astern and steam across the banks. Then they turn around and go back, raking up everything from halibut to flounders and dogfish—they get everything in their nets. What they do not want they throw away. Many small fish are thrown away, and in that respect it is uneconomical.

We have all those different nationalities fishing out there, presenting a serious international problem, I would say. The minister spoke somewhat disparagingly about the backward areas. I believe he included in that statement areas in Newfoundland. Then he referred to the traditional markets in Europe and in the West Indies for Newfoundland and other maritime provinces in connection with the marketing of cod. What are we going to do with our traditional markets? Portugal and Spain have been buying and catching Newfoundland fish for over four hundred years.

Mr. Stick: I should like to correct that statement. Spain has not bought any fish from Newfoundland for some years.

Mr. Browne (St. John's West): Well, if Spain has not bought any fish for some years, the fact is that Spain throughout the centuries has bought millions of quintals from us, and that country has been one of our principal markets. There may be a reason for the present condition, but it would not be in order to enter into a discussion of that today.

Portugal is the chief consumer of codfish, and salt cod is their principal article of diet. We do not need to give any lessons in cooking to the Portuguese, or any encouragement to the consumer in Portugal to have him eat our codfish. Why, therefore, should we speak disparagingly about them? But what do we buy from Portugal? It has been a matter of great regret that we have not been buying enough from Portugal, or from Spain or Italy or Greece or any of those countries which in the past have bought large quantities of our fish. We have not bought anything in comparison with the value of the fish they have bought from us. It is true that from the West Indies we do take molasses and some rum. But the value of the fish we export to the West Indies is greater than the value of the goods we buy in return.

Mr. Mayhew: My understanding is that at the present time we have a favourable balance of trade with both Spain and Portugal. In other words, we buy more from them than they buy from us.

Mr. Browne (St. John's West): The minister means that Canada as a whole is doing that?

Mr. Mayhew: Yes. And another thing: Portugal is now getting sixty per cent of her own requirements.

Mr. Browne (St. John's West): Of her own requirements?

Mr. Mayhew: Yes.

Mr. Browne (St. John's West): The Portuguese, Spaniards and French have been catching fish on the banks for hundreds of years, just the same as the British, the Newfoundlanders and the Canadians.

In regard to the marketing of fresh fish, let me say that the commission of government in Newfoundland tried to develop this industry within the last few years. They encouraged the marketing of fresh fish to a great extent. They advanced hundreds of thousands of dollars in modern plant equipment to merchants who bought fresh fish from the fishermen. But, sir, is it not dangerous, as the hon. member for Charlotte has said, when by a stroke of the pen the government of the United States could put an embargo on fish so that all that business would be wrecked? Therefore we should not pay too much attention to the fresh fish market to the detriment or neglect of the salt fish market. What we want is to try to have a proper balance.

I am certainly glad to learn that the minister is going to establish an extensive technical service. We have had technical research at various periods throughout the last seventy or eighty years in Newfoundland. From time to time the Newfoundland government has experienced a wave of that sort of thing. During the past ten or twelve years, under the commission of government, in

accordance with the recommendations of the Amulree report the government carried out certain investigations along scientific lines. I believe that policy could be expanded.

There is one thing that can be beneficial to the fishermen—and the fishermen are the backbone of this industry. We must consider the fishermen in the first instance—and I am referring to the fishermen around the coast. What is their problem? It seems to me that the first problem of the fishermen is the purchase of supplies. I believe the provincial government is going to remedy that, because it has set up a new department of fisheries and co-operatives. They are not leaving everything to the federal government. The provincial government is going to do its share to assist in the promotion of the welfare of the fishermen. The co-operatives are going to encourage the co-operative purchasing of supplies, and this procedure will be helpful. The next question which arises in connection with fishing is the matter of bait. When the fishery is going well the two things that worry many fishermen are, first, a shortage of salt, and, second, a shortage of bait. Of these two the shortage of bait is the more serious as it is more frequent.

I have had correspondence with the minister in connection with the erection of bait depots, and I have suggested to him, as I now suggest to the committee, the advisability and feasibility of research being carried on with a view to setting up small bait depots instead of having large ones at central points. While those points may be accessible, still it would be more advantageous to the fisherman if he could have smaller bait depots in as many of the villages as possible. The fisherman will get up at two or three o'clock in the morning, and it is difficult for him to go, either by motorcar or by boat, back to a bait depot fifteen or twenty miles away to get his bait, and then come back and go out fishing again. In fact it is impossible for him to do that and operate successfully. If there were smaller bait depots in the settlements it would become a comparatively simple matter for him to get his bait supplies.

There are three principal methods used by Newfoundlanders in the catching of codfish. One is by traps—and I do not think the minister could do much about that. Another is by trawl line—that is where the bait comes in; and another is by jigging. Then we have the big banker. These banking vessels operate off the south coast ports of Newfoundland with dories. The men go off in the dories to fish on the fishing banks with trawls, and catch the fish in that way.

As the minister knows, the complaint is sometimes made that the great draggers interfere with the work being done by the banking vessels. I was glad to learn that the minister favours an interprovincial conference with the representatives of the federal government. I believe these problems should be considered at that time, particularly the matter of the establishment of bait freezers, and the undesirability of giving too many licences to trawlers. Too many of these trawlers would be bad for the economy of our country, particularly those sections of it in the maritime provinces and Newfoundland from which they would be operating.

Mr. T. H. Goode (Burnaby-Richmond): Mr. Chairman, I shall speak briefly, because no one has spoken today from the west. I believe someone from the west coast should speak on these estimates. We are proud of the minister who comes from our province. This is one example where a businessman is doing a good job. With an industry controlling the large amount of money represented by the fishermen on the east and west coasts, we believe it is highly satisfactory to have a businessman at the head of the department, and that he is likely to do a more satisfactory job than could be done by a theorist. I think we all recognize that the minister has done a wonderful job in running his department. I think his accomplishments have been marvellous for a comparatively new minister.

The fishing industry which I represent on the west coast is happy over the progress that has been made. Some years ago they had not a great deal of confidence in the department. There are in my constituency some 2,000 fishermen who are centred around one of the largest canning factories in the world. These men now leave for the fishing grounds with the feeling that they are being looked after by the department. I go along with the hon. member for Newfoundland in saying that if the minister and the department are given time they will solve the difficulties of the industry in that province.

Mr. Clarence Gillis (Cape Breton South): Mr. Chairman, there is a large fishing industry in the riding I represent and therefore I am interested in the minister's statement. This is the first time since I came to this house that a Minister of Fisheries has made a statement similar to the one we had today. This would seem to indicate that the department is taking hold of the industry in a realistic way. The minister has announced a program. Whether we agree with it in its entirety or not, the fact remains that there is a program. I am sorry that that program is not to be started until the estimates of next year provide the necessary finances. We should be doing something right away about the matters discussed by the minister in his statement.

The minister has said that he has two things in mind. First, there is the development of a market. That is necessary because there is not much use catching fish unless you can sell them. He tells us about the experimental kitchen that has been set up, and that is a good thing. The trouble with getting a larger consumption of fish in the past has been the fact that in many cases it was poorly prepared. Then the next thing is getting the fish from the source of supply to the market of consumption, and the minister indicates that steps are being taken along these lines.

I notice that some $80,000 is being provided in the estimates for co-operative education. For a long time I have been convinced that the only way to properly rehabilitate this industry is along these lines. You must get the people interested in the industry working on their own problems and accepting some responsibility, not only in connection with production and processing but in marketing as well. You cannot expect to make much progress working only from Ottawa or through some large fish company which is interested only in profits. There must be organization of those engaged in the industry on a co-operative basis. Ever since I have been a member I have noticed that from year to year, particularly in the minister's department, increasing amounts have been made available for co-operative work. The amount provided in the estimates this year is substantial and, as I say, that is the only way this industry can be made to work.

I should like to say a few words about the trawlers. I have gone to meetings of fishermen and have been in their halls when they have discussed this trawler question. As the senior member for Halifax indicated, foreign trawlers are not allowed to come closer than three miles and as such they do not affect the shore fishermen very much. The minister has indicated that licences are going to be granted to Canadian trawlers and to second-hand trawlers that have been built in the United Kingdom or the United States providing the company purchasing them lays down a new keel in Canada. I assume that is to stimulate shipbuilding, but it does not alter the fact that the shore fisherman takes a serious view of the trawler.

In my view the trawler is simply the mechanization of the industry. It is another technological advance that has to be reckoned with and if one is thinking ahead he cannot oppose it very well. The man with the small boat who must get up at four o'clock in the morning to go out and fish to earn an income of about $300 per year may lose his job, but he will not be losing very much.

The serious part of the trawler operation is the concentration of production. At the present time in Nova Scotia the whole industry is controlled by one company, the National Fish Company. The trawlers are going to fish for that company. That company also has a concentration of bait freezing and storage facilities at the different places along the shore. The shore fisherman will be placed in the position where he will have to work for that company on that company's terms; he will have to sell his fish to that company for whatever they want to pay. That is an angle the federal and provincial governments will have to consider. The shore fisherman is going to lose a not very good job through this process but will likely obtain a means of livelihood of some kind.

Another angle of the trawler question that is discussed by the fishermen with some heat is the charge that the trawler destroys the fishing grounds. I have heard this charged right along the whole coast of Nova Scotia. As the hon. member for St. John's West has said, a trawler will go out, put down its drag and then pull up anything that happens to come in contact with the drag. It keeps only a certain type of fish and perhaps fifty per cent of what is brought up by the drag is thrown back. After this goes on for some time there may be two or three feet of dead fish on the bottom and the live fish simply will not come in and feed. The result is a backing up of the fishing grounds. The shore fisherman cannot go out too far and in a few years' time there may be a complete destruction of the fishing grounds because of this practice.

I do not claim that I know all about this matter but I have heard men who make their living at fishing state that this is the case. In carrying out his new program the minister will have to give some regard to this claim. The perpetuation of the industry is something that should be guaranteed if at all possible.

I think the hon. member for St. John's West put his finger on a vital point when he referred to the bait freezing plants. I do not think it is an answer to the problem to concentrate the bait-freezing facilities at one or two points on the east coast. All along the coast are communities which have been built up around certain fishing grounds and I submit that a decentralization of the bait freezing facilities is necessary. I believe we should have smaller plants scattered along the shore and made available to the shore fishermen. I think that step is absolutely necessary; and I believe this also applies to storage facilities. You generally find the plant that has the bait also has the storage facilities, and unless you get the bait on that

company's terms you do not fish. Then when you come in with a load of fish, unless you sell it to that company on its own terms there is no space for your fish, so you throw them back into the water. Fishermen have told me that has actually happened. They brought in a catch; there was no storage space, so they threw the fish back.

The minister has made a survey, and he knows the situation. He has competent men in his department; I believe his deputy minister is one of the best men on the continent in that field. I have known of his work for a long time, and I believe he has the confidence of the people who fish. I hope he will just keep in mind that possibility of making bait and storage facilities available along the coast, instead of being concentrated at one point.

That is all I have to say, but I do want to compliment the minister on what he has done. This is the first time I have seen a Minister of Fisheries bring in his estimates and indicate to the house that he has surveyed the industry and drawn up plans for the future. I believe he is making a realistic approach to the whole problem, and I only hope he remains in the department until he has been able to complete this program.

Mr. T. A. M. Kirk (Digby-Yarmouth): I want to bring just one matter to the attention of the minister, concerning which there has been a great deal of correspondence and as to which I have had a great many complaints. I feel that it should be brought directly to the attention of the minister so he may answer the question in the house, and in that way the people in the area to which I am going to refer will learn just what is going on.

I refer to the area off the county of Digby in the bay of Fundy. My understanding of the situation is that under our regulations Canadian draggers are permitted to operate up to within twelve miles of the coast, but that under international regulations United States draggers are permitted to operate up to within three miles of the coast. In addition we are continually receiving complaints to the effect that United States draggers are operating even within the three-mile limit. In this connection I have had a great deal of correspondence and many interviews with various officials of the department. I have found them most co-operative; they have sent in their patrol boats, but still the complaints come in that at night, after the patrol boats leave the grounds, these United States draggers operate within the three-mile limit.

With that brief background I want to ask the minister, when he replies to the various questions that have been asked, to explain to hon. members and those engaged in fishing in that area what steps have been taken or are being taken or are proposed to be taken to rectify this situation. Here we are endeavouring to protect the fishing grounds by keeping our own draggers away, yet at the same time United States draggers are alleged to operate within three miles of the shore.

Mr. Mayhew: In reply to the hon. member who has just resumed his seat, only ten days ago we had a new boat come off the ways at Shelburne. That boat is either in that area now or will be there within a day or two. Last year and again this year we had complaints that United States boats were coming within the three-mile limit, but this new boat is in there now, and another, the *Cygnus,* the largest in our fleet, will be able to go around there again in about a week.

Before I answer the other questions which have been put to me I should like the privilege of placing on *Hansard* the answers to a number of questions asked a few days ago by the hon. member for St. John's East. I could read them, but that would take some time and with the permission of the committee I would place them on *Hansard.*

The Chairman: Is that the pleasure of the committee?

Some hon. Members: Agreed.

Mr. Mayhew: The questions and answers are as follows:

Statements on questions raised by the Newfoundland delegation during the negotiations for the union of Newfoundland with Canada:

1. Trawling.

"Newfoundland trawlers will be permitted to fish (as they have been doing) to the three-mile limit off the coasts of Newfoundland, and an amendment to the Fisheries Act, 1932, will be introduced for this purpose.

It is understood that the policy as to trawler licensing in Newfoundland will be based on securing the maximum efficiency for the province's fishing industry and welfare for its shore communities.

With respect to the establishment of territorial waters it is our understanding that the 'headland to headland' rule, as it now applies to Newfoundland, will continue to apply."

Comment:

An amendment to the Fisheries Act, 1932, has been passed which will permit Newfoundland trawlers to fish to the three-mile limit off the coasts of Newfoundland when the act is proclaimed in Newfoundland.

2. Prohibition of export of bait fishes.

"At present the Customs and Fisheries Protection Act prohibits the sale of bait to foreign fishing vessels in Canadian territorial waters, except by special treaty or convention. An amendment to this act will be introduced in order to continue the practice now followed by Newfoundland in this matter."

Comment:

An amendment to the Customs and Fisheries Protection Act has been passed by the federal parliament which will permit this practice under the act when it is proclaimed in Newfoundland. Consultations have already been initiated with the province with a view to bringing this act in force.

3. Licensing of premises to pack fish (including filleting and freezing plants).

"It is understood that, while these matters will come under federal jurisdiction at the date of union, the Newfoundland fisheries board, during the time that it continues to operate, will be the medium through which application for licences will be made and the relevant regulations brought into effect."

Comment:

The Newfoundland fisheries board continues to be the medium through which application for licences are made and the relative regulations brought into effect.

4. Power of Newfoundland fisheries board to set quotas for fish for export.

"This power, which is involved in the marketing operations of the Newfoundland fisheries board, will be retained as a marketing function during the life of the board."

Comment:

"This power, which is involved in the marketing function of the Newfoundland fisheries board.

5. Market representatives.

"(a) The fish trade representatives of the Newfoundland fisheries board abroad (for which six positions exist and of which five are filled at present) will be continued as board officials, and be paid out of funds voted for the board during such time as the board remains in operation.

(b) The Department of Trade and Commerce will absorb into the Canadian trade commissioner service the two trade commissioners in London and New York, at present responsible to the Newfoundland department of natural resources."

Comment:

(a) Trade representatives of the Newfoundland fisheries board are being continued as board officials. Six positions exist, of which four are filled at the present time, i.e., Jamaica, Puerto Rico, Portugal and Italy. Consideration is being given to the appointments of representatives to Brazil and one other market, possibly Cuba.

(b) The Department of Trade and Commerce have absorbed into the Canadian trade commissioner service the two Newfoundland trade commissioners, who were stationed in London and New York.

6. Newfoundland fish export tax.

"The export tax of five cents per quintal on the volume of fish exported from Newfoundland will be abolished at the date of union."

Comment:

This export tax no longer applies and was abolished at the date of union.

7. Power of Newfoundland fisheries board to negotiate contracts.

"The Newfoundland fisheries board will not be required to deal through the Canadian Commercial Corporation, and may in its discretion continue to charge a fee or commission for its services in negotiating contracts, subject only to such export and import controls as may exist."

Comment:

The Newfoundland fisheries board is not required to deal through the Canadian Commercial Corporation in negotiating contracts and may continue to charge a fee or commission for its services in negotiating contracts. The revised fish inspection bill will not affect this arrangement.

8. Fish wrappers and packages.

"Wrappers provided by purchasers in the United States for their suppliers in Newfoundland will be dutiable after the date of union but will also be eligible for the ninety-nine per cent drawback on re-export as containers of fresh frozen fish.

Efforts are being made to arrange for the continued use for export of the present stock of wrappers marked 'Product of Newfoundland.'

Importation of printed wrappers of all kinds made from paper for domestic use is prohibited at the present time but permits may be granted by the Department of Finance in cases where the United States importer insists on supplying his own wrapper for the goods purchased by him in Canada. There is no restriction, however, on the importation of transparent wrappers or types of cardboard cartons or boxes usually used in the fish trade. These wrappers and containers are also eligible for the ninety-nine per cent drawback on re-export as containers of fresh frozen fish."

Comment:

Wrappers provided by purchasers in the United States for their suppliers in Newfoundland became dutiable after the date of union but at the same time became eligible for the ninety-nine per cent drawback on re-export as containers of fresh frozen fish.

Arrangements were made with the United States authorities for the continued use for export from Newfoundland of wrappers marked "Product of Newfoundland." The arrangement covered wrappers so marked as were on hand in Newfoundland at date of union.

9. Inspection fees on export.

"The present policy is to make no charge for inspection services."

Comment:

No charge for inspection services has been made by the Newfoundland fisheries board since date of union. This is in line with policy covering the inspection of fish and fishery products throughout the rest of Canada.

10. Tariff agreements.

"The position after union of the agreement between Newfoundland and the Dominican republic providing for a low rate of duty on imports of Newfoundland codfish into the latter country is being examined. If necessary the Canadian government will initiate discussions on this matter."

Comment:

Under the Annecy trade negotiations of 1949 the Dominican republic kept dry salted codfish under the existing M.F.N. rate, thereby ensuring the continuation of the preferential rates originally established under the Newfoundland-Dominican agreement of 1940.

11. Bait service.

"The Canadian government will seek legislation or take such other steps as may be necessary to provide that the Newfoundland bait service will be taken over and operated without fundamental change by the Department of Fisheries. If, after the date of union, changes are made for the benefit of Canada as a whole, the question of payment will be discussed between federal and provincial authorities."

Comment:

Since union the Newfoundland bait service has been operated by the Department of Fisheries without fundamental change.

Mr. Higgins: Has the minister tabled the answers to all the questions, or has he an answer to my suggestion with respect to the Prairie Farm Rehabilitation Act?

Mr. Mayhew: The Minister of Agriculture, of course, is the authority on the P.F.R.A., but I think I am correct in saying that it is a program that was worked out to meet the effects of drought in the low rainfall areas of Saskatchewan and Alberta. The construction of dams, development of community pastures, introduction of new tillage methods, and so on, are all constructive solutions to the problems of the area.

The program I have just presented to this house outlines, I think, a constructive answer to the basic problems of the underdeveloped fishing areas of the Atlantic coast, including Newfoundland. The details of the fisheries program will be very different from the details of the P.F.R.A., of course, but the objectives will be somewhat the same. I have indicated that we propose to establish a technical service to provide fishermen, small plants and the wholesale and retail trade with technical help on the improvement of their individual operations. We propose to discover what are the best methods of fishing in the different areas and to carry out demonstrations for the benefit of the fishermen. What we have in mind is a constructive long-term solution for the low income areas where the resources and manpower are available, but where new methods of catching and processing fish are necessary to meet the demands of the modern world.

I do not wish to enter into any argument with respect to the trawler situation, but most certainly we would not have advocated a change of policy if there had not been a demand for more fish. Most processors, particularly in Nova Scotia, have not been able to supply that demand; in fact one community appears to be quite wrought up over the fact that we have been delayed so long in getting a boat to them. I am satisfied that in the over-all picture there will be more employment and that the standard of living of the fishermen and those on shore will be improved under this plan.

I want to leave just three thoughts with hon. members. At the present time in the maritime provinces we have the advantage of being closer to the grounds than the Americans; but the only way we can retain that advantage is by having equally good equipment, boats of the same speed and adequate gear. If we do not keep up our standard of boats and gear we will lose the advantage we have at the present time, and also lose the fish. The hon. member for St. John's East said Grand Banks was an international shoal. That is true; but the trouble is that there are not enough Canadian boats on that shoal to get our share of the fish, and that will be the position until we have more boats. So I think by granting additional licences to trawlers we will increase the earning power of the fishermen of the maritimes, and put them in a very much better position.

The senior member for Halifax asked if we thought our proposal concerning draggers would increase the productivity of that area. We most certainly think it will. He also spoke about the rosefish, which is new to the New England states. We have some, though not very many, on the Atlantic coast. The bottom is rough where these fish are obtained, and we do not allow our trawlers or draggers close to the shore, so we really have no means of taking them except in very small quantities. They are not a fish that will take any kind of lure or bait.

The hon. member also asked concerning the advisability of oceanographic studies. I would certainly agree with what he said and would hope that at least one university in the maritime provinces and perhaps the university of British Columbia would take this matter into consideration, and also that they would establish classes in fish engineering.

Those are two things that are sadly lacking, and we expect to get these trained men for our services. The hon. member for Charlotte said that this industry would become a major industry. It all depends on the way you think about it, I suppose, because it is a major industry now, if the hours of work mean anything. It is all worth while, however, and I have the greatest confidence in it.

The hon. member for Fort William asked about cookbooks, and suggested that we send 100 to each of the members. He did not suggest them as Christmas cards; but with an autograph on them, they ought to make good advertising for the Department of Fisheries.

Mr. Stick: Some concern has been shown about the extensive fishing on the Grand Banks. I understand that the latest scientific survey shows no depletion. Will the minister corroborate that?

Mr. Mayhew: I am advised that up to the present time there is no indication of depletion of the Grand Banks. I might also say that last fall there was a meeting of some nine countries in Washington to consider the North Atlantic treaty on fishing, that is for survey purposes. There will be another meeting shortly, I expect, and that will

enable us to keep a close watch on what is happening, and regulate our own actions accordingly.

Mr. Blackmore: In presenting these estimates, the minister has impressed me as being a man with a purpose. I am glad to see that a man with a purpose is in charge of this department. We Social Credit members are from areas where fishing is not a major industry, but we like those who come from the fishing constituencies to know they have our hearty support. We have not said much, but we have felt a great deal. We are desirous of giving them our hearty co-operation, just as we know they have been desirous of giving us co-operation when we wrestle with the great problems which confront us, as we all work together to build a better Canada.

Item agreed to.

102. Fisheries inspection, including fishery officers and guardians, fisheries patrol and protection services, $2,983,000.

Mr. Sinclair: I should like to say a few words on this item. Before I do so, however, as the second member from British Columbia to take part in this fisheries debate, I should like to compliment the minister on the new program he has outlined, and to tell the members of the house that we members from British Columbia bask a little in the reflected glory which has come to us now because the minister has inaugurated so sensible a program for the development of our fisheries resources. The only thought, of course, which occurs to us is that if the governments of Canada had not waited eighty years to appoint their first British Columbian as minister of fisheries, progress might have been speeded up considerably.

The attitude of the minister reflects the extremely progressive outlook of the British Columbia fishing industry and the British Columbia fishermen. If the minister can imbue that spirit in the east, in those places to which the hon. member for St. John's West referred as the backward areas, I think the whole industry will benefit.

Great emphasis has been placed on conservation in the fishing industry. Effective conservation depends in large measure upon effective enforcement of the fishing laws. It is for this reason I am on my feet today. I have received a brief from the fishermen of the principal fishing town of my riding, protesting against the continuation of the practice of illegal sunken-net fishing for codfish. We in British Columbia speak so much about our salmon industry that there may be a tendency for people to forget our other fish. We catch halibut, tuna, cod and several species of ground fish in large quantities. The cod is the blue ling cod. It represents quite a source of income to fishermen generally. It is caught by hand lines, using small fish as bait.

There are several other means of catching these fish, which are ground fish, one of which is the use of a sunken net. This means a net hanging along the floor of the sea like a curtain, to intercept all types of ground fish. This method of fishing is illegal, except that in various parts of the province it is permitted for catching dogfish, which are a scavenger fish of no value except for the oil from their livers. This is a very easy method of catching all ground fish, including codfish, but the use of the sunken net to catch cod has always been illegal. Sunken nets are not allowed because they destroy so much of the fish. They catch not only the mature fish, but the immature fish which could have been thrown back if they were caught on a hand line. Moreover, the poacher who breaks the law in season is not too much concerned about fishing out of season either, and fishes when the greatest harm can be done, which is during the spawning season.

The fishermen in my riding are protesting about the slackness of enforcement of the law against sunken-net fishing for cod, and the small penalties imposed upon these fishermen when they are caught. I appreciate the fact that normally imposition of the penalty is not within the prerogative of a minister. But on the west coast of British Columbia, as I have said before, there are so many instances in which the department of Fisheries is policeman, prosecutor and judge, that it has a greater measure of control over penalties than any other department. Strict enforcement should not be difficult.

It is easy to recognize a sunken net, because it is so different from the ordinary net used to catch salmon. Salmon gill nets hang from wooden floats, like a curtain from the surface of the water, and they are kept vertical by light lead weights along the bottom edge. A sunken cod net is made up of long narrow strips of old salmon net. Large weights are placed along the bottom and small floats are used so that it sinks to the bottom but remains upright. A fisherman who has in his possession one of these long narrow nets, heavily weighted, is obviously in possession of a sunken net. The standard excuse of a man who is found in possession of a sunken net is that he had been using it in an authorized area. When a fisherman returns from an authorized area it would not be very difficult for him to report to the nearest patrol officer and get his sunken net registered. The patrol officers would know where these sunken nets were, and could easily check on their use.

The next thing to which I should like to refer is the use of otter trawls in the gulf of Georgia. These trawls are most destructive to all types of ground fish, because they are not selective. They catch the mature fish, the immature fish and the spawning fish. They also damage and destroy fish in the process of catching them. The fishermen in my riding, in the interests of conservation, urge the minister not to permit the further use of these otter trawls.

Mr. Gibson (Comox-Alberni): I should like to commend the minister on his statement today, and I join with the other British Columbia members in saying that we are not at all surprised at the capacity he has shown in this post. It is merely indicative of his success in other fields before he came to the House of Commons.

There is one matter I should like to bring to the attention of the house; I have already taken it up with the department. I should like to read to the minister an article that appeared in the press and was sent to me from my riding. It refers to this law-enforcement problem. The headline is, "Heavy penalties are imposed." It reads as follows:

> Edward Joseph, John Manson and Felix Thomas were sentenced to pay a fine of $200 each or to spend sixty days in jail by Magistrate T. Patterson last week.
>
> The case was the outcome of charges laid by the fisheries department against the three for having fish in their possession illegally, and obstructing a fisheries guardian in the performance of this duties. The latter charge was not pressed.

Incidentally the article also states that one of the prisoners has arranged to pay his fine, and the other two have left for the sunny vale of Oakalla prison farm. It is getting close to the Christmas season, and the harshness of these penalties has amazed me. I do not know what the fishermen of the maritime provinces would have to do before they would have a penalty such as that imposed upon them. As the minister well knows, the west coast of Vancouver island has been closed to seining this fall, in the interests of conservation, and with that course I have no quarrel. It seems to me, however, that this is an unnecessarily harsh sentence to impose upon native people where their only means of livelihood has been taken away from them. Only $41 worth of fish were involved in this seizure. As a matter of fact, their conviction depended almost entirely on circumstantial evidence.

It was maintained by the departmental officers out there that you could not catch cohoe salmon with a spoon, that they would have to be netted at this time of the year. That may or may not be true. I am not trying to argue the merits of the case as to whether the men were guilty or not; but it seems to me that under the circumstances the penalty that was imposed on them is unnecessarily harsh and severe. If the minister would be kind enough to do so, I should like him to take this matter up with his officials and look into all the circumstances surrounding the case. Then if he feels as I do, that an unduly severe penalty has been imposed, I would hope that he would take it up with the attorney general of the province of British Columbia and see if some part of this fine cannot be remitted. The least we can do is to see that these two native Indians out there do not spend their Christmas in prison.

Mr. Stuart (Charlotte): The statement made by the hon. member for Comox-Alberni (Mr. Gibson) reminds me of something that I should like to bring to the attention of the Department of Fisheries. Nearly every year in Charlotte county at the opening, on November 15, of the lobster season, which is the fall season, the fishermen will find the day of the 14th to be a fine day. At that time of the year it is hard to depend on the weather. If their traps are ready, along in the late part of the afternoon and early in the evening, they will try—as they have done in the past and as they will do in the future—to get these traps on the fishing grounds in order to start on the 15th. On many occasions I have known fisheries patrol boats to go out late in the afternoon or early evening of the 14th and find these traps on the fishing grounds. I have a bit of criticism to offer here.

Quite a long statement appeared in the Montreal *Standard* just recently saying that the fisheries department destroy the gear that belongs to the fishermen of the province of New Brunswick. I think perhaps that if some other way were found of disposing of fishermen's nets, traps or whatever gear it might be, instead of destroying them, it would leave a much better feeling with the people who are engaged in that industry. As to a fisherman who is overanxious and puts his traps out on the 14th, and they are found by an employee of the fisheries department, I would suggest that if a heavy fine were imposed rather than the destruction of his gear it would be a great deal better for all concerned. My reason for making that statement is this. A man may have 100 or 150 traps. He puts them out on the 14th. If an employee of the fisheries department destroys those traps, that man is not going to operate during that season. He may have a wife and four or five children. We do not know his circumstances. I

believe it is entirely wrong for any department to destroy property. In other words, if something were seized by the customs department—we will say a car or whatever it might be—it is not taken out and burned; it is offered for sale. When traps are found that are being fished illegally, even though it is just a few hours before the legal season would open, I believe there could be found some other way of penalizing that fisherman than by destroying what he has to make a living with.

There is one other thing I want to bring to the minister's attention while I am on my feet, and it has been pointed out to him on previous occasions. The hon. member for Comox-Alberni mentioned illegal fishing out in his district. The crew of patrol boats on the Pacific coast in many cases are paid a living allowance while on board those boats. It may be that there is a good deal of patrolling and they have to work seven days a week; I do not know. But that same situation does not prevail in the maritime provinces. I have repeatedly asked for an explanation as to why patrol boats on the Pacific coast should provide living accommodation and food for the crew of the boat when the same thing does not apply on the Atlantic coast boats. I know of one particular patrol boat in my riding whose crew will be away two and three weeks at a time; they have to pay their own living expenses while on board the boat and keep a family at home. I think that is unfair. I believe the rule that applies on the Pacific coast should also apply on the Atlantic coast. I do not believe any line should be drawn between them. I believe that any crew of a patrol boat that is obliged to be away from home should be given the cost of living while on board that boat.

Mr. Brooks: I just wanted to ask the minister a question, but before doing so I also want to express my appreciation, as a maritimer, of what is being done in connection with the fisheries. I rather hesitate to say anything about it after listening to such men as the hon. member for Charlotte, who has been connected with fishing all his life and certainly is an expert in that matter. Listening to the discussion here this afternoon, however, one would think that the fishing industry was in splendid condition. But I have heard that the markets for fish are not the best. We know that you can sell lobster and other specialized varieties, but in general I think that the markets are not good, and I think it would be wrong to give the country the impression that, so far as the fishermen are concerned, the markets are in the best of condition. I think the minister is to be commended for trying to improve the markets, and I certainly hope that he succeeds.

The question I wished to ask was in connection with the difficulties that have arisen in the Northumberland strait between the fishermen and the law enforcement officers; what is the situation down there now? Are there more patrol boats or is there still a sort of civil war going on in that section of the country?

Mr. Mayhew: We have provided or are providing for three extra patrol boats for that district and we hope we will catch up with it. There has been a good deal of poaching going on this year both on the east and west coasts. To be perfectly honest, I have not much sympathy with those who have been doing it.

Mr. Stuart (Charlotte): May I ask the minister a question?

Mr. Mayhew: Yes.

Mr. Stuart (Charlotte): Has poaching been carried on extensively in the bay of Fundy, or on the west side of the bay of Fundy?

Mr. Mayhew: No, it has not. But it seems as though every time a man who has been poaching or illegally fishing is caught, he seems to get quite a host of friends right away, and they come along and use all their influence. To hear some hon. members talking about the accused, they all seem to have large families; and I would not be surprised if they had three or four wives and that all the neighbours were depending on what they bring in from the sea. Where we have this illegal fishing, if we are going to stop it I think we must at some point be quite drastic about it. I do not think one needs to be drastic very often in order to make it effective. I do not want to be the judge. I am not the judge. As the Minister of Justice said the other day, we intend to make a change next year in our act so that the magistrate will have complete authority. He has complete authority now but the boats are confiscated and are turned over to us. He does not know whether we are going to turn them back, or going to sell them or what we are going to do. The result is that the magistrate will probably give a small fine, thinking that the balance of the punishment is going to come in the loss of the man's gear. Personally, I do not think that is right. The gear is his living and I think that if he is worth anything, it should go back to him and that the magistrate should be in a position to impose a maximum fine for the offence, whether it is a first, second or third one. I hope we shall be able to do that next year, and it will save us all a great

deal of worry. I hope by that means we shall be able to stamp out some of this illicit fishing. I shall look up the report immediately in respect to what the hon. member said and see what can be done with it. In that case the fine seems to be fairly heavy. I understand that there are several offences in addition to the offence of illegal fishing.

Mr. Brooks: Are these three boats to remain in the area permanently or are they temporary?

Mr. Mayhew: They will be there permanently.

Mr. Stuart (Charlotte): Again I should like to ask the minister to indicate whether he believes it is right to destroy fisherman's gear when he is found to be fishing out of season? Has the minister any sympathy with the destruction of fisherman's gear?

Mr. Mayhew: The situation there is that our inspectors are out in rather small boats. They pick up a number of lobster traps. The boat can only hold a certain number of lobster traps. If they were not destroyed they would have to come in, land the traps and go out again. In a good many instances the lobster traps are destroyed at sea where they are seized. It is done because the boats are not large enough to bring them in.

Mr. Stuart (Charlotte): The boats that are on patrol in Charlotte county are sufficiently large to take care of forty or fifty lobster traps. When these traps are found the night before the legal season is to open, the rope, the traps and everything are destroyed. I believe that is a condition which the fisheries department should look into very carefully. As I said before, the owner of those traps may have a wife and four or five children. Lobster fishing is his only means of making a living during that season. Winter is coming on. Before the gear that belongs to him is destroyed, very careful consideration should be given to taking it ashore and at least giving him a chance to buy it back, or impose a fine which would perhaps convince him that he should not do it again.

Mr. McLure: With respect to the appointment of these guardians or fishery patrolmen, are the Royal Canadian Mounted Police employed in this work on Prince Edward Island as well as the ordinary people?

Mr. MacNaught: No.

Mr. McLure: No Royal Canadian Mounted Police are employed?

Mr. MacNaught: No.

Mr. McLure: Are they employed by the provincial government in fish protection?

Mr. MacNaught: I cannot answer that question with any degree of authority, but in some instances I believe members of the Royal Canadian Mounted Police are engaged by the provincial authorities for some of their protection work.

Mr. McLure: I should like to give the hon. member for Charlotte a little information. In May or July of last year in one part of the country fishermen were fishing a little before the opening of the season or a little after, I do not know which it was now, and they were fined around $20 by the Royal Canadian Mounted Police. They caught them in the act. They took their gear from them, but since it was election time in that locality the fine was returned and all their expenses.

Mr. Gibson (Comox-Alberni): I was afraid of that.

Item agreed to.

105. Oyster and clam culture, $73,700.

Mr. McLure: I want to find out something about the tariff on clams going into the United States. On the Pacific coast they ship into the United States a clam called the razor clam. That clam goes into that country under a 10 per cent duty on the Canadian selling price. But when you come to the Atlantic coast, where we have an abundance of clams, you run up against practically an embargo when you ship clams into the United States. There is a tariff of 35 per cent on the United States selling price. Can the minister give me any information on that, or can he find out whether there is a difference of from 10 per cent to 35 per cent on the valuation, which makes it almost impossible for a shipper in the maritime provinces to establish a sales price in the United States because he has to pay a duty on whatever the customs of the United States say their selling price is? On top of that 35 per cent is added.

Mr. Mayhew: I have not all the answers to the tariff. I do not know what the items are or what the rate is, but we shall look into it and see what we can do about it. What the hon. member referred to applies to a number of items in the United States tariff.

Mr. Black (Cumberland): I should like to get some information on the progress being made by the department in the culture of oysters. In the Northumberland strait around Prince Edward Island we have perhaps as good oyster waters as can be found anywhere in the world. The information I have is that the oyster industry has not increased in recent years as it should have. From time to time the department has sent out reports of the great possibilities in the culture of oysters and of the large number

of barrels of oysters that could be produced on each acre if it were properly cultivated. I should like a report from the minister as to the progress that is being made. The estimate for this service has been increased by $22,000. The appropriation in the main estimates is $73,700.

Mr. MacNaught: In reply to the hon. member for Cumberland I might point out that the department, through its biological board, is doing everything possible to stimulate production of oysters. At the present time the greatest problem is the production of seed for the growth of oysters. I may say that the department and the board are doing their very utmost to carry on experiments and generally improve oyster development in the maritime provinces.

Mr. Black (Cumberland): Can the parliamentary assistant inform the committee what progress has been made in the county of Cumberland, in the Malagash district and the Wallace district which have excellent natural oyster waters? I understand that artificial beds have been established there, which have been looked after for a number of years. I should like to know what progress has been made and what production has been obtained from some of these artificially cultivated waters.

Mr. MacNaught: Mr. Chairman, I am sorry to inform the hon. member for Cumberland that although we have established a station in his constituency I have not before me a copy of the report. The production for Northumberland strait in 1946 was 3,100 barrels, in 1947 it was 2,400 and in 1948 it was 3,500.

Mr. Black (Cumberland): These figures indicate no great progress is being made.

Mr. MacNaught: There is an increase of 400 barrels over 1946.

Item agreed to.

Fisheries research board of Canada—
106. Operation and maintenance, $1,132,040.

Mr. Catherwood: The minister said this morning he was going to give some consideration to research into conditions in the fresh water fisheries. Would he enlarge upon that?

Mr. Mayhew: We have made arrangements with the prairie provinces to have investigations so far as whitefish are concerned, and also with respect to the beluga whale and the Arctic char. These are the chief ones. Then, in the Northwest Territories, we have put a boat in there this year, and we are now putting up a station for research work.

Item agreed to.

[Mr. Black (Cumberland).]

Fisheries research board of Canada—
107. Construction and improvements, $181,800.

Mr. Sinclair: This is the item upon which, since I have been here, I have made a speech each year asking for the construction of a small dam near the mouth of Sakinaw lake. Looking back on my speeches it seems that they have gone in cycles—a long speech and then a short speech. Last year, fortunately for the house, was my year of the long speech.

Let me say that I was gratified to have enlisted the interest of the hon. member for Lethbridge. The same thing happens this year as had occurred before. Members of fishing ridings have their day in court on the last day, or the day before the last, in the session. Everyone is very anxious to get home. The wheat farmers spent two or three months discussing wheat problems, but now everyone wants us to be quiet so that they may go home.

The hon. member for Lethbridge has given me encouragement to go ahead and speak again. However I shall be brief, particularly if the minister will give me the assurance that in this item 107, for which no details are given, but in which there is an increase of about $28,000, there is provision for this small dam concerning which so many assurances have been given, and which unfortunately I have passed on to the fishermen in my riding.

Mr. Mayhew: The hon. member spoke about the Sakinaw dam and Sakinaw creek last year. We promised to have it investigated, and have spent some time in making that investigation. This is a marginal case, the decision being as to whether we should go ahead or not. We have decided to recommend the building of a dam on the creek, and we are now awaiting instructions or an agreement with the Indian affairs branch as to whether we can have access to the creek. I believe there will be no difficulty as soon as that permission has been obtained. At that time we will go ahead.

Item agreed to.

109. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission appointed under treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $169,500.

Mr. Murray (Cariboo): I should like to refer to the excellent work being done by the international commission on the Fraser river. I would refer particularly to the good work of a member of that commission, Mr. Olof Hanson, a former member of the House of Commons from Skeena.

Item agreed to.

111. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947, $550,000.

Mr. McLure: How many skins have there been from the Pribilofs for 1949? What was Canada's share? The take in general was smaller, I understand.

Mr. MacNaught: Our share last year was 14,178. Of that number 65 per cent went to St. Louis, 25 per cent to London and 10 per cent to Toronto. A London firm is opening a curing factory in Toronto. We are giving them 10 per cent of the sealskins we had this year so that they may get started and see what success they can have in the curing of sealskins in this country.

Mr. McLure: What are the costs of dyeing and processing of skins sent to England, those sent to the United States, and also to Canada?

Mr. MacNaught: There is very little difference in the actual cost of dyeing and curing the skins in either St. Louis or in England. There has been a difference in the price received for skins from England and those from St. Louis. Speaking generally, the St. Louis skins have brought a higher price.

Item agreed to.

112. To provide for the destruction of harbour seals, $30,000.

Mr. Higgins: Is this by way of bounty?

Mr. MacNaught: This is for the destruction of harbour seals. Originally harbour seals were destroyed because they destroyed fishermen's nets. It has been found recently however that they act as host to the worm in codfish. That is the chief reason for their destruction today.

Mr. Higgins: And that is a bounty?

Mr. MacNaught: Yes.

Mr. Higgins: Why has it not been increased? I notice it is for the same amount.

Mr. MacNaught: It is proposed that it be increased in future years, but for the present year the bounty is the same.

Mr. Higgins: I should think an increase would be required in the future, because there is a much greater area to take in now. We have great difficulty with these harbour seals.

Mr. Black (Cumberland): What proportion is paid out in the different provinces, particularly Nova Scotia, New Brunswick and Prince Edward Island? Is this all for the east coast, or is it partly for the west coast?

Mr. MacNaught: This table will give the information for the fiscal year 1945-46:

Province	Unit	No. of seals
Nova Scotia		
	Unit A, Inverness	1
	Unit B, Richmond	36
	Unit C, Pictou, Antigonish and Guysborough	111
	Halifax	108
	Lunenburg-Queens	173
	Shelburne-Yarmouth	62
	Cumberland-Colchester	78
Prince Edward Island		
	Queens county	141
New Brunswick		
	Saint John-Charlotte	226
	Restigouche-Gloucester	21
	Northumberland	43
	Albert-Westmorland	3
		1,003
British Columbia		1,078
		2,081

Mr. Black (Cumberland): The bonus paid was $5 per seal?

Mr. MacNaught: Yes.

Mr. McLure: Is there any hope of having the bonus to fishermen increased?

Mr. MacNaught: That would not come under this item.

Item agreed to.

Special—

113. To provide for the extension of educational work in co-operative producing and selling among fishermen, $80,000.

Mr. Bryce: Where was the money voted under this item spent last year, and where is it intended to be spent this coming year? Could not some of this money be spent in Manitoba? The fishermen there need education in the co-operative movement just as much as those anywhere else. I had the good fortune to visit Nova Scotia and had the opportunity of seeing what has been done there.

Mr. Mayhew: Manitoba operates its own fisheries, and, as we are not responsible, the question would be better directed to the Manitoba government.

Mr. Bryce: That is what is said year after year. This is a federal vote to cover educational work for which the Department of Fisheries is responsible, and I think all fishermen should be entitled to participate in the benefits. I make this appeal again. The minister's predecessor made the same answer, but I think some of this money should be expended for educational work in Manitoba.

Mr. Stuart (Charlotte): What amount is expended on fresh-water fish propagation and salt-water fish propagation?

Mr. MacNaught: We have no such statistical information as is asked for by the hon. member. Many fish hatcheries are operated in the maritime provinces to assist in the development of fresh-water fisheries, including salmon and trout. In connection with salt-water fishing, expenditures are made for inspectors, biological boards, and so on.

Mr. Stuart (Charlotte): Are any salt-water fish hatcheries operated in Canada?

Mr. MacNaught: The only hatchery for fish going into salt water would be the salmon hatchery.

Mr. Browne (St. John's West): Are the benefits under this vote being extended to Newfoundland?

Mr. Mayhew: The expenditures are as follows:

St. Francis Xavier university	$46,000
Social economic service, Quebec	24,000
University of British Columbia	10,000

Item agreed to.

114. To provide for the administration expenses of the Fisheries Prices Support Act, 1944, $170,000.

Mr. Black (Cumberland): This is a rather large amount for administration. I should like to know how much has been spent in the support of fish prices.

Mr. Mayhew: This is the administration item, and then there is an item of $538,989 to cover fish purchased by the board.

Mr. Black (Cumberland): Is it costing $170,000 to expend $500,000? Are no expenditures being made on the east coast?

Mr. Mayhew: This is all for the east coast, and this item is a little more than half of what was actually spent. The balance will not show up until next year's estimates. The total spent in the maritime provinces was in the neighbourhood of $1,250,000.

Mr. Black (Cumberland): Something over $1 million was spent to support prices in the maritime provinces?

Mr. Mayhew: Yes.

Mr. Black (Cumberland): Where is that fish stored?

Mr. Mayhew: It has all been disposed of. Some of it went to UNRRA, some of it went to the Far East, and some to hospitals in Canada.

Mr. Wright: I think all members are agreed as to the principle behind the Fisheries Prices Support Act, but many of us are worried about when it may terminate. I believe the present legislation terminates on March 31, 1950. We have on the order paper a resolution, which apparently we are not going to reach this session, providing for an extension of the act and stating that it shall expire on the dissolution of the twenty-first parliament. That means that the price support in connection with both fisheries and agricultural products will terminate whenever the Prime Minister may see fit to dissolve parliament, which appears to be a very poor basis on which to support these products.

I wanted to ask the minister why, in this case, to administer a $25 million fund the cost should be $170,000 while in connection with the support of agricultural products, where the board is administering a $200 million fund, the cost is only $60,000. There seems to be quite a discrepancy. I understand the amount that may be expended is $25 million though only a small portion of that sum has been spent as yet.

Mr. Mayhew: I cannot be responsible for what other departments do, but thus far our administration costs are higher than those in connection with the agricultural prices support program. This arises because the Department of Fisheries lacks the machinery of investigation and administration that the Department of Agriculture has in its dairy products board, meat board and so on. In other words we had to set up and organize a whole department and had to cover practically the whole of Canada. These figures do not tell the whole story, which cannot be made known until the whole job is completed. Then we will be able to see what it has cost.

As far as the legislation is concerned, there is no date of termination in our act. I hope there will be, because I look forward to getting on a better basis for assisting the fishermen than the basis we have now. Out of the million and a quarter we spent in the maritime provinces the fishermen would not get more than fifteen per cent, and I think there are many other ways in which we can help the fishermen so they will get a greater proportion of the money actually spent.

Mr. Black (Cumberland): I do not want to hold up the minister; he has given us a great deal of information and has been very good in answering questions, so I think the committee would like to see his estimates go through. However, I should like to know how much of the fish purchased was actually dumped; and I should like to know also if this board is still in existence, with the expenses going on, notwithstanding the fact that the minister says there is no fish now in storage.

Mr. Mayhew: No fish was actually dumped. Some cases that came in blew up; they were not properly packed in the first place, and those had to be disposed of, but those were the only cases that were dealt with in that way.

Mr. Brooks: The fish were given away, I understand; there was no market for them.

Mr. Mayhew: There was no market. We could have disposed of them on the market here, but we would have hurt that market as far as the fishermen were concerned, so we gave the fish away. The International Red Cross committee got $240,000 worth; gifts to Canadian public service institutions totalled $297,000, and $13,708 worth were sold, making a total of $538,989.

Mr. Black (Cumberland): I have another question—

The Deputy Chairman: The hon. member for Selkirk.

Mr. Black (Cumberland): I have a question along the line—

The Deputy Chairman: The hon. gentleman must realize that other hon. members would like to ask questions also. The hon. member for Selkirk.

Mr. Bryce: I should like to continue a little further along that line. In reply to the hon. member for St. John's East I believe the minister said most of the fish bought by the support board was given away. I do not want anyone to misunderstand me; I was in favour of that legislation and I am still in favour of it, but I do not like to see the packing companies get good lake Winnipeg whitefish for one and one-fifth cents per pound. I have a return the minister was good enough to furnish, stating that 2,300,000 pounds were sold to packing companies for $28,000, which worked out at about one and one-fifth cents per pound. Nearly a million pounds were sold as fox and mink food, for which they got about one and a half cents a pound, and in the Toronto retail market about a thousand pounds of our good whitefish were sold at around 12 cents a pound. That was really good fish. There was absolutely nothing wrong with it, and I would rather see it given away than sold at those prices. I happened to be in Winnipeg when it was being unloaded at the packing plant, and I should have liked to see it go to needy families, or to UNRRA, or to some of those people I saw a few weeks ago in Britain who were so hungry for good fish. I wonder if the minister would enlarge on that briefly and say whether practically the whole of the Manitoba catch went to the packing plants.

Mr. Mayhew: We could not have given the lake Winnipeg fish to any institutions outside Canada. It was frozen fish, and could not have been shipped. The tullibee was not fit for sale, could not be sold on any market, and that was given for fox feed. We could not dispose of the whitefish in any other way, and the packing companies agreed to process it and put it into meal, so it was not sold to the public. There was no possible chance of distributing that fish at that time of the year so people could make use of it.

Mr. Bryce: Have you any in storage now?

Mr. Mayhew: No, we have nothing left; it is all cleaned out.

Mr. Black (Cumberland): I would like to repeat my question as to whether the staff is still being paid at the rate of $170,000 a year, in view of the statement by the minister that no fish is now held in storage by the department.

Mr. Mayhew: A reorganization of the staff is going on at the present time. Some have been transferred to other branches, and we are cutting down as much as we can.

Item agreed to.

115. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council, $100,000.

Mr. MacInnis: I notice that the amount under this item last year was $200,000. If the minister has the information I should like to know how much was expended last year, the construction of how many vessels was assisted, and the names of the firms or individuals who built them.

Mr. MacNaught: I can give the hon. member the names of the vessels,—oh, it was the expenditure that he desired. In the year 1949-50, up to October 21, the expenditure was $44,175. From the beginning of the year 1948 up to date, it is $134,072.

Mr. MacInnis: What was the name of the firm, and how many vessels?

Mr. MacNaught: Twenty-two groups of fishermen.

Item agreed to.

At six o'clock the Speaker resumed the chair and the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

PRIVATE BILLS

CONSIDERED IN COMMITTEE—THIRD READINGS

The house in committee on Bills Nos. 150 to 173, 177 to 184, 186 to 193, 196 to 198, and 201 to 209, inclusive, Mr. Beaudoin in the chair.

Bill No. 150, for the relief of Chesna Laing Shapiro.—Mr. Winkler.

Bill No. 151, for the relief of Edith Turcotte. —Mr. Winkler.

Private Bills—Divorce

Bill No. 152, for the relief of Irene Brodwin Miller.—Mr. Winkler.

Bill No. 153, for the relief of Jean Ruth Montgomery Loiselle.—Mr. Winkler.

Bill No. 154, for the relief of Joseph Charles Michel Emery.—Mr. Winkler.

Bill No. 155, for the relief of Lyla Almina Wharry Johnston.—Mr. Weir.

Bill No. 156, for the relief of Marjorie Helen Glass Nixon.—Mr. Winkler.

Bill No. 157, for the relief of Olga Hetmanchuk Dorval.—Mr. Winkler.

Bill No. 158, for the relief of Grace Melina Cotton Crawford.—Mr. Winkler.

Bill No. 159, for the relief of Thomas Gillespie Shields.—Mr. Winkler.

Bill No. 160, for the relief of Czerna Berger Borodow.—Mr. Winkler.

Bill No. 161, for the relief of Freda Tippett Hart.—Mr. Winkler.

Bill No. 162, for the relief of Rebecca Rosa Jacobs Bershadsky.—Mr. Winkler.

Bill No. 163, for the relief of Etta Valerie Sherwin Sperber.—Mr. Winkler.

Bill No. 164, for the relief of Sandy Douglas Carbone.—Mr. Winkler.

Bill No. 165.—for the relief of Hellen Isabel Dawson Parlee.—Mr. Winkler.

Bill No. 166, for the relief of Violet Emma Woodhall Brownridge.—Mr. Winkler.

Bill No. 167, for the relief of James Samuel Hatton.—Mr. Weir.

Bill No. 168, for the relief of Anne Denburg Hershcovich.—Mr. Winkler.

Bill No. 169, for the relief of Ruth Baranoff Clark.—Mr. Winkler.

Bill No. 170, for the relief of Viateur Longpre.—Mr. Winkler.

Bill No. 171, for the relief of Evalina May Carter O'Connell.—Mr. Winkler.

Bill No. 172, for the relief of Borys Zaryn.—Mr. Winkler.

Bill No. 173, for the relief of Alice Dorothy Rolison Cransky.—Mr. Winkler.

Bill No. 177, for the relief of Shirley Patricia Susan Oakes Rowlands.—Mr. Winkler.

Bill No. 178, for the relief of Margaret Adeline Bodley Cabana.—Mr. Winkler.

Bill No. 179, for the relief of Mary Letinetsky Nemeroff.—Mr. Winkler.

Bill No. 180, for the relief of Norah Helen Jarrett McCaffrey.—Mr. Weir.

Bill No. 181, for the relief of Elizabeth Karaszi Bergeron.—Mr. Winkler.

Bill No. 182, for the relief of John Albert Roberts.—Mr. Winkler.

Bill No. 183, for the relief of Leslie Ernest Tulett.—Mr. Winkler.

Bill No. 184, for the relief of Ernest Tonegawa.—Mr. Winkler.

Bill No. 186, for the relief of Rene Walsh.—Mr. Winkler.

Bill No. 187, for the relief of Sara Tepper Prupas.—Mr. Winkler.

Bill No. 188, for the relief of Joseph Wilfred Melanson.—Mr. Winkler.

Bill No. 189, for the relief of Muriel Johnson Binnie Keates.—Mr. Winkler.

Bill No. 190, for the relief of William Campbell James Meredith.—Mr. Winkler.

Bill No. 191, for the relief of Lillian Steinberg Heitner.—Mr. Winkler.

Bill No. 192, for the relief of Clayton George Allison.—Mr. Winkler.

Bill No. 193, for the relief of Louis Kasper.—Mr. Weir.

Bill No. 196, for the relief of Arthur Colpron.—Mr. Winkler.

Bill No. 197, for the relief of Berengere Pare Fuller.—Mr. Winkler.

Bill No 198, for the relief of Enid Dorothy MacRae Gauley.—Mr. Winkler.

Bill No. 201, for the relief of Guy Merrill Desaulniers.—Mr. Winkler.

Bill No. 202, for the relief of Margaret May Lester Rajotte.—Mr. Winkler.

Bill No. 203, for the relief of Odette Therese Gabard Coupal.—Mr. Winkler.

Bill No. 204, for the relief of Ella Maxine Shover Logan.—Mr. Winkler.

Bill No. 205, for the relief of Bernard Rivet.—Mr. Winkler.

Bill No. 206, for the relief of Phyllis Elizabeth Campbell Westover.—Mr. Winkler.

Bill No. 207, for the relief of Mildred Blanche Tilson Bell.—Mr. Winkler.

Bill No. 208, for the relief of Ruby Anderson Edwards.—Mr. Winkler.

Bill No. 209, for the relief of Vera Marguerite Abraham Allen Richey.—Mr. Winkler.

Mr. Church: I am making my last speech this session on the committee stage of these bills. I hope we shall be able to close by Thursday night. I speak now for many reasons in connection with this work on divorce. I was a member of the private bills committee of the House of Commons for many years past and I wish to object to our being asked to pass these bills. I am a humble member of the Church of England. I believe that we should have some better and fairer consideration of this great problem. The problem is not ours. It has arisen since confederation. I wish to refer to two or three matters with regard to these bills tonight, and as to the way we do this business.

In the first place I wish to say this with regard to these particular bills. I am going to speak for only a few minutes. I do not wish to talk the bills out; far from it. I wish to raise a great problem in this committee about this question which is causing

such wide differences of opinion among the people of this country. I have sat as a member of the private bills committee for many years past since I entered the house. While I believe it is desirable that we should close up as soon as possible, I wish to direct the attention of the committee for only a few minutes this evening to this question. Divorce is a canker in the state. It follows every great war. The Addington administration faced it away back in 1801 after the Peace of Amiens. Then the two Pitts faced the same problem. In connection with this work I might say that when the Constitutional Act was passed in 1791 we adopted in this country so much of the law as was adapted to our circumstances, with the result that after the Constitutional Act of 1791 we copied the common law of England in this country.

Divorce, I repeat, is a canker in the state. There is no doubt about that. The church to which I belong does not believe in it. I am only a humble member. While I am a Protestant I have great respect for the other Christian churches which labour so hard for the good of the people of this country.

In the first place, the principle is all wrong. Why should I be asked to pass all these bills in the manner indicated? I doubt if any other hon. members who had sat as long as I have as a member of the private bills committee would put up with it any longer. Why are we asked to pass these bills without any evidence before us? I wish to point out this fact. I was a member of the committee for a great many years. At the Lambeth conference in England a commission was appointed to study this question in the old country. The members of the Church of England believe in the injunction, "Those whom God hath joined together, let no man put asunder", and I think it is a matter of practical good sense. The Right Hon. and Most Rev. Bishop Wand, as many hon. members know, succeeded Bishop Winnington-Ingram, who has many relatives in Ontario and throughout Canada. Bishop Ingram was the great bishop of London who worked so hard among the poorer classes in the London district for many years. He was succeeded by Bishop Wand who is the present Bishop of London and a member of the House of Lords. He was appointed only recently, and he made an address in Toronto on this question. As I said in the spring session in this house, he was appointed after a great deal of study of this problem. Who suffers as a result of this procedure? I contend it is the duty of the state to look after the wives and the children. Why should they be left, as the right reverend gentleman said in Toronto in an interview? He also preached on other matters in St. James Anglican cathedral in Toronto. The Bishop of London has found that divorce is a canker in the state, that it results in the state having to look after those who suffer. The women and the children of those who are divorced suffer every year as a consequence of these divorce bills. It follows every war. The present Bishop of London has entered on a tour of America. As I said last spring, he has made a great study of this particular problem. I know that the members of the other Christian churches in this country and many of those who are not members of those churches have also done the same thing.

On October 18, 1949, I said, as reported at page 908 of *Hansard*:

> In the church to which I belong, as a humble member—and that is the Church of England—the belief is this: those whom God has joined together, let no man put asunder. That was the principle of the conference in England for a great many years. Recently a commission appointed by the houses of parliament has been considering this whole problem. It is presided over by the Right Hon. and Right Reverend William Charles Wand, Bishop of London, who succeeded Bishop Winnington-Ingram. Over there, because of the way the country has been devastated by war, and for other reasons, the desire seems to be to extend the principle of divorce to include a great many things that were not considered before as grounds for it; one of these is desertion, and there are seven or eight other matters connected with it. I was glad to hear some of the members here tonight speak on this matter.
>
> Let me say this one thing further. In my humble opinion the state should do something to look after the wives and the children. Every state has people of this type. After every war it has these people and they are a direct charge on the municipality. I know that because I was head of a municipality. I know that they become a charge on the municipality not only for school purposes but for housing and many other matters like that. I believe that the time is coming when we should have some other system adopted by parliament for this work. When I was on that committee I noticed that we knew nothing about the bills. There is a principle of Roman law to the effect that marriage is a contract. The common law of England has been largely copied from Roman law. That has been the principle which has been adopted in this country also. It seems to me that we should provide a better system accordingly.
>
> In connection with this matter I want to point out that there is in existence a registration system. While I admit that it cannot be so in the province of Quebec, there is a registration system operated by the provinces. For what? For deaths and marriages. They have a register with the town or village clerk to that effect. In a great many of the provinces that law regarding these matters might prevail also; but in Quebec I admit that there is a different principle involved. No one wants to change their law. Far from it. I would never try to change their law because I believe that the majority of the people are entitled to have their say themselves.
>
> In conclusion, may I say that I think we should have a conference of the two houses of parliament, because it has been largely the prerogative of the Senate to hear and examine witnesses and all that

sort of thing. I do not believe in the system. In the United States, after many wars, divorce is becoming a canker in almost every state. As I say, it follows largely as a result of wars. There is a registration system for deaths and marriages in existence in some of the provinces. I do not see why that system cannot be adopted. No doubt a different system would be required in the great province of Quebec. The archbishop who was investigating this question is travelling in the United States at the present time. He succeeded Bishop Winnington-Ingram, the great bishop of London, England. He is visiting the United States at the present moment and is going into all these questions. He recognizes that the divorce laws should be extended to include desertion.

I think there is something to be said in favour of that. I do not wish to occupy the time of the committee any further, Mr. Chairman. On page 224 of the Canada Year Book of last year, under the heading of "Vital Statistics", the following appears:

For many years after confederation, the number of divorces in Canada was very small. It was less than 20 in every year before 1900. There were 23 divorces in 1903, 51 in 1909 and 60 in 1913. These numbers were less than 1 per 1,000 of the yearly number of marriages.

One effect of the first world war was to increase the number of divorces. The generally unsettled conditions and the long separation between men on active service and their wives contributed to this increase. Changes in law and procedure which made it easier to obtain divorce was a further factor. At present, Quebec is the only province in which applicants for divorce must secure a private act of parliament.

There were 114 divorces in Canada in 1918 and 608 in 1926; the number had increased to 700 by 1931, 1,570 by 1936 and 2,369 by 1940. In every year since then the number has been higher than in the year before. The figures for the most part cover only final decrees of dissolution of marriage which alone constitute divorces; annulments and legal separations are excluded.

The statistics of dissolutions of marriage were revised in 1941 with the co-operation of the provincial authorities and the clerk of the divorce committee of the Senate of Canada.

38.—Dissolutions of Marriage (Divorces), by Provinces, 1944–46, with Five-Year Averages, 1936–45

Item	Granted by Parliament of Canada		Granted by the Courts								Canada[1]
	P.E.I.	Que.	P.E.I.	N.S.	N.B.	Ont.	Man.	Sask.	Alta.	B.C.	
Numbers—											
Average 1936–40	1	56	–	50	44	723	194	116	259	570	2,013
Average 1941–45	2	99	–	92	104	1,358	305	207	432	937	3,535
1944	3	108	–	93	78	1,471	316	226	484	1,009	3,788
1945	2	177	–	158	171	1,940	405	282	575	1,366	5,076
1946	[2]	290	4	260	382	2,639	636	505	962	2,005	7,683
Percentages—											
Average 1936–40	[3]	2·8	–	2·5	2·2	35·9	9·6	5·8	12·9	28·3	100·0
Average 1941–45	0·1	2·8	–	2·6	2·9	38·4	8·6	5·9	12·2	26·5	100·0
1944	0·1	2·8	–	2·5	2·1	38·8	8·3	6·0	12·8	26·6	100·0
1945	[3]	3·5	–	3·1	3·4	38·2	8·0	5·6	11·3	26·9	100·0
1946	[2]	3·8	0·1	3·4	5·0	34·4	8·3	6·6	12·5	26·1	100·0

[1] Exclusive of the Territories. [2] A Divorce Court was established in Prince Edward Island in 1945 and figures for 1946 are shown to the right. [3] Less than one-tenth of one per cent.

In Ontario the high court judges are disgusted with the whole business. They want divorces transferred to the county court judges. The percentages have gone up. There is nothing further I can say. A divorce court was established in Prince Edward Island in 1945, and figures for 1946 are shown in the table I have before me. These figures represent less than one-tenth of one per cent.

In my view the House of Commons in all fairness should adopt separate principles for this work. We should not pass these bills seriatim. We should not pass them in the manner indicated, because we do not know anything about these cases. As I said before, it is the wives and children who will suffer, and who will become a charge upon the state accordingly.

[Mr. Church.]

The Deputy Chairman: Shall section 1 of these bills carry?

An hon. Member: On division.

Section 1 agreed to, on division.

The Deputy Chairman: Shall section 2 of these bills carry?

Section 2 agreed to.

The Deputy Chairman: Shall the preambles of these bills carry?

Preambles agreed to.

The Deputy Chairman: Shall the titles of these bills carry?

Titles agreed to.

Bills reported, read the third time and passed, on division.

PRAIRIE TRANSMISSION LINES LIMITED

The house resumed from Tuesday, November 29, consideration of the motion of Mr. Benidickson for the second reading of Bill No. 119, to incorporate Prairie Transmission Lines Limited, and the amendment thereto of Mr. MacInnis.

Mr. R. R. Knight (Saskatoon): Mr. Speaker, this is the first opportunity I have had to speak on any of these bills. I propose to speak on this one tonight.

In the first place I am in favour of the building of a pipe line. I say "a" pipe line because I believe that only one will be built. If that is so, I do not see any reason for the granting of so many charters for the building of potential pipe lines. We are told that several of these charters are being applied for in order that there may be certain manipulation in regard to financial matters, and that in that respect some of these applications are not what they appear to be on the surface.

I am no judge of that. I am in favour of the building of a pipe line or of pipe lines if, by so doing, there shall be an increase in the public service,—if, for example, it may result in the cheapening of the price of fuel oil and gasoline to those people who require it. The question is: Will the building of this pipe line or any other pipe lines, for that matter, accomplish this object? I have noticed particularly of late in the oil business in western Canada indication of a getting together in the matter of price on the part of the largest oil companies, a procedure which I think is not justified by the ease with which some of the oil is transported.

It is an admitted fact that the building of a pipe line should ease the transportation of fuel. But I wonder whether that will result in a consequent easing of prices and the elimination of what I would call manipulation of prices. In my own city of Saskatoon there are three major oil companies supplying fuel oil to consumers. It was shown that it cost one of those companies eight cents a gallon to transport their oil to a refinery and back to Saskatoon. On the other hand there are two other companies the expenses of which are much different. Yet we find that the final price to the door of the consumer is one and the same.

Furthermore, the city of Regina, which is much farther from Lloydminster, the source of supply, is enjoying a price of 14·6 cents a gallon, while in Saskatoon the consumer is paying 18 cents for fuel oil. I would be more in favour of granting charters to these companies than I am now if I were sure that the easing of the transportation problem would result in lower prices and in less of that sort of price manipulation.

Another thought occurs to me. Will the granting of this charter guarantee that such a pipe line will be built? Again I use as an example my city of Saskatoon, and tell the house about an experience we had. Just before the last war broke out a certain gas company, the name of which I shall not give, received a franchise to transport natural gas to my city of Saskatoon. Some people were so sure they would have this gas that they made arrangements to change their stoves from coal-burning to gas-burning.

The war broke out and, under certain clauses in the franchise, these people were able to get out of their contract during the duration of the war. They had put up a large sum of money with the city as a guarantee. We thought naturally that after the war was over the power granted under the franchise would be exercised. But that has not happened, and since the war Saskatoon has been waiting for its supply of natural gas.

Someone will say, "Is that not a legal matter? These people can be sued and damages collected." I am not learned in legal procedure, but I have learned through my experience that such procedure is somewhat slow and tortuous. Up to the present time Saskatoon has no gas, and so far as I know there is no prospect of getting any.

I give these facts as an example of a franchise which was granted, and nothing done about it. Another feature I should like to mention in regard to pipe lines is that a pipe line, by its very nature, is in itself a transportation system, just the same as is a railway. As such, in my opinion, it should be used by other people in addition to those who have obtained the franchise to construct the pipe line. Therefore one of the first questions I would ask with respect to this or any other pipe line is: Is this pipe line, or is it not, to be a public carrier? We have no guarantee of that.

When we ask such a question we are told that we have to address our question to the board of transport commissioners after the line has been built. I suggest we should address our question in the same manner as we should address the question as to the geographical position of the line—not after it has been built, but before. Another thing

I should like to suggest is that as this pipe line is a transportation system, it should be publicly owned. There are certain things about which I am worried in regard to this particular pipe line bill and there are certain questions I should like to ask.

If refineries other than those controlled by the company constructing the pipe line are to have the use of the pipe line, will there be regulations regarding such public service and as to the amount of outside material that may be carried by the pipe line in proportion to the amount of material owned by the company constructing the pipe line? Next, provided the company has or builds refineries along the route of the pipe line sufficient to refine the total capacity of the pipe line, can it then refuse to handle oil transportation for other companies?

Next, if pipe line capacity is allocated on a percentage basis can the company arrange its own chronology as to deliveries? Most hon. members are aware that on the western prairies there is a season of heavy demand for oil and a slack season. Will the company owning a line of this kind be able to use the line for its own purposes during the season of heavy demand and then permit the pipe line to be used by other refineries during the less valuable time?

Can the company insist that the percentage allocated to refineries other than its own shall be delivered on the prairies during the non-agricultural months? Can it be incorporated in the legislation that the percentage delivered to other refineries shall be on a year-round or a day by day or a month by month basis?

The building of this pipe line or of other potential pipe lines is a matter of concern to many organizations in my part of the country. I have the resolution which was sent to me by the trades and labour council of Saskatoon, which reads:

Whereas Canadian natural resources should be exploited for the benefit of all Canadians and Canada should endeavour to become a self-supporting industrial nation having all its resources under its complete control, and

Whereas, it is planned that the proposed pipe line is to be partly built—

This resolution refers to a different pipe line.

—and terminate on American soil making it no longer an all-Canadian enterprise.

Whereas, our dollar has been devaluated and we are spending $200 million annually buying oil from the United States, thus using American dollars, and

Whereas, an all-Canadian route for the proposed pipe line would employ Canadian labour in its construction and maintenance and would largely employ Canadian ships and sailors to transport this oil to the refinery with the prospect of a refinery at the lake-head with all its benefits to Canadian citizens.

[Mr. Knight.]

As I say, this resolution really refers to another pipe line but I am reading it in order to bring out my point that it is the concern of a great number of Canadian citizens that all of these pipe lines shall be built on Canadian soil. The resolution continues:

Therefore be it resolved, that this Saskatoon trades and labour council urge all its local unions to press the government to make this oil pipe line an all-Canadian route, and

Further be it resolved, that this resolution be forwarded to the Honourable C. D. Howe, Minister of Trade and Commerce, asking him to use his influence with the government to take action to ensure the above undertaking.

They realized that the influence of Mr. Howe with the government is great and perhaps in that regard they are making something of an understatement. To summarize, may I say that I consider these pipe lines should be publicly owned as they concern public transportation. Second, if a pipe line is built it should provide service to companies other than the one building the pipe line. Third, any pipe line should be built on Canadian soil for its entire distance.

Mr. E. D. Fulton (Kamloops): Mr. Speaker, in the bill before us tonight for consideration we find an opportunity to renew the debate upon the application to incorporate a gas pipe line company by the name of Prairie Transmission Lines Limited. This company proposes to build a pipe line for the transportation of natural gas from Alberta, through the United States of America, with the primary object of serving the Pacific coast United States cities of Seattle, Tacoma and Portland, with any surplus being made available to Vancouver. We have before us for immediate consideration an amendment to the motion for second reading moved by the hon. member for Vancouver East (Mr. MacInnis). This amendment will be found on page 2103 of *Hansard* of November 22, 1949, and reads:

That Bill No. 119 be not now read a second time but that it be resolved that in the opinion of this house further consideration of this bill should be deferred until the house has been assured that the route of any pipe line built by the proposed company will be laid out so as to serve Canadian requirements before any such pipe line leaves Canadian soil.

I should like to congratulate the hon. member for Vancouver East upon that amendment because better than any speech or words that could have been used it places the issue squarely before us. At this point may I say that I intend to stop in time for a vote to be taken on the amendment. The issue is whether we shall insist on Canadian resources being used first to serve Canadian development, or whether we shall consent to the exploitation and exportation of our resources for the benefit and extension primarily of other interests. That is the

whole question and it seems to me that the issue raised by the amendment goes far beyond the mere question of whether we shall incorporate a company. The issue involves the control and development of Canada's resources.

Those of us who have spoken in opposition to the incorporation of this particular company are doing more than speak against an individual incorporation. I realize that it has been said that there is a filibuster against a private bill, but I would point out that this is the first opportunity that has been afforded the house to debate the method of handling a tremendous new resource which has been made available to the Canadian people. The two private bills which have been before the house this session seeking the incorporation of companies to handle natural gas afford the first opportunity we have had to consider fully the policy that will govern the development, exploitation and transportation of this huge Canadian resource.

Those who are sponsoring the bill before the house tonight have taken the position that we should not oppose the incorporation of this particular company or of the other company that has been before us. They say that is the only principle involved in the bill, whether or not the house is going to grant incorporation to a company in order that it may subsequently make its application to the board of transport commissioners and the government of Alberta for permission to carry gas.

Far more than that is involved in this and the other bill now before the house. But if that were the only principle I would have no hesitation in saying that I am opposed to that principle, because I am opposed to the incorporation by this parliament of any company for the purpose of transporting and supplying to ultimate consumers elsewhere a Canadian natural resource, when the company through the sponsor of the bill will not give the assurance that the route will be through Canada and will serve Canada first.

Mr. Robinson: What about the bill last year?

Mr. Fulton: When the bill went through last year we knew at the time the company was incorporated that the route would be all-Canadian; but the assurance we have asked for with respect to this bill, as to whether this line will follow an all-Canadian route and serve Canada first, to my knowledge has not been given.

Mr. Robinson: The hon. member speaks of an assurance given in connection with the bill that went through last year. Is it not true that this assurance was given in committee; and is not the hon. member right now preventing this bill from going to committee?

Mr. Fulton: I am coming to that point now, because that assurance, wherever given, was given, and the public statements of the company agreed that it would be an all-Canadian route. On the other hand we have before us a statement by this company which indicates clearly that they do not propose to build their line through Canada. So it does not seem necessary to permit this bill to go to committee in order to establish something which is already established in the advertisements issued by this company.

In his statement in moving second reading the hon. member sponsoring the bill laid before the house the proposition that the route of the company is not involved in this motion. At page 1344 of *Hansard* for November 1 of this year he said:

> I wish to make it clear that the passing of this bill does not in any way establish routes for the transmission lines for this company.

He went on to say:

> As I say, as far as federal jurisdiction is concerned, under the direction of this parliament it was ordered in the last session that routes must be decided upon by the board of transport commissioners.

In my submission that statement is not strictly accurate, and I shall deal with it a little later in discussing the general Pipe Lines Act. Then at page 1345 the hon. member went on:

> I should like to inform the house that the bill has nothing to do with routes.

Well, Mr. Speaker, it is perfectly true that the bill before us makes no mention of routes; but the advertising put out by the company does deal with routes, and lays out the route this company proposes to follow. The advertisement appeared in the Calgary *Herald* of August 11, 1949. I believe it has been read to the house already, so perhaps I need not read it in full, but it sets out that the purpose of the company is to transport or transmit natural and artificial gas and oil in the provinces of Alberta and British Columbia, commencing at a point in the general Calgary area in the province of Alberta and thence to a point in the vicinity of Blairmore in the said province and thence to a point in the vicinity of Kingsgate in the province of British Columbia and thence to the United States of America, leaving Canada at a point at or near Kingsgate in the said province of British Columbia and re-entering Canada in the vicinity of Blaine in the state of Washington. This means that for by far the greater portion of its distance the line would go

through the United States; and as we know from other public statements of the company its purpose is primarily to supply those United States Pacific coast cities of which mention has been made already.

So the advertisements and public statements of this company make their object perfectly clear; and it is that object to which I am opposed, for the reasons I have stated. I believe it is our responsibility as members of the Canadian parliament to see to it that Canada's resources are used for Canada's benefit. I do not say we should adopt the selfish attitude of saying, "You cannot have anything of which we have an abundance", but that we should adopt the attitude of saying, "We are going to use our resources for ourselves first, to fulfil our own requirements. Then we shall be willing to export our surplus to you; in fact we shall be willing to co-operate with you in a proper division of our resources". That is not what this bill does. The purpose of this bill is to export the gas to the United States first; then if anything is left over it will be sent back to Vancouver, entirely by-passing the interior areas of British Columbia.

In opposing that principle I should like to lay before the house some words which seem to me to contain a very clear statement of the attitude and sentiments of those who share my opinions in this respect. This statement is contained in the December, 1949, issue of a publication put out by Ross Whittall Limited, of Vancouver. In dealing with natural gas development in this country it says:

> Where the railways brought industries during the last half century so should natural gas bring them during the next, for it provides cheap thermal units at a fraction of the cost of transit.

I ask hon. members on all sides, who at least will sympathize with us in the vision we have as to the development of our province and the western half of our nation, to listen to these words:

> New towns should grow and, if our province has nearly doubled its population in the last decade, what may be the expectancy of the next? We then foresee the pipe lines providing valuable U.S. dollar exports to central Washington and to the U.S.A. Pacific seaboard and we know that these American populations will not grudge us our contention that first Alberta and then neighbouring Canadian provinces benefit from our newly-found economic stimulant. Geologists are satisfied that there is plenty for all; indeed we believe that one of the largest sources of supply may lie close to recently proved reserves beneath the Peace river block in British Columbia and Alberta. . . . but let us make sure that, wherever we find it, our Canadian natural gas serves and opens up the maximum quantity of our own country before it benefits the neighbouring states of America.

And, Mr. Speaker, the only time and place that responsibility which it is our duty to exercise here as members of this parliament can be exercised is now, in this House of Commons, in opposing this and other similar bills which seek to export gas first to the United States. If this bill were given approval we would lose control of the gas from here on. It would go to the United States, and from then on would become a United States resource not subject to Canadian control and of no use for the development of Canada.

Some hon. members have said it is not for this parliament to oppose the incorporation of this company, that we should leave it to the Alberta government to decide whether or not the gas will be exported to the United States, that they have the necessary legislation and the necessary machinery. It seems to me, Mr. Speaker, it would be most unfair to impose upon the Alberta government the responsibility of saying whether or not their resources will be exported from Canada. The concern of that government is to make sure there is sufficient of their natural resources left in their province to take care of their own requirements. It is not their concern to prohibit its transportation from that province to the United States. A reading of the Alberta act shows that they are concerned mainly with the preservation of a supply, not the control of where any surplus goes, if there is a surplus, once it leaves the province.

It is said, "Well, leave it to the board of transport commissioners; let them say what the route of the pipe line should be; let that body take the responsibility of saying whether it should be kept in Canada or exported to the United States". I point out to the sponsor of the bill, who made that suggestion, that there is no provision in the Pipe Lines Act which would empower the board of transport commissioners to take that into consideration, in saying whether or not approval shall be given to a company. There is a reference in section 9 of the Pipe Lines Act covering approval of the route, but that act does contemplate the export of gas. It contemplates a gas pipe line going to the international border, and crossing into the United States. It is inherent in the act.

I am sure the sponsor of the bill, who is a lawyer, would agree with me that it would be beyond the powers of the board of transport commissioners to say that, merely because the route contemplates the international transportation of gas, they will not approve the application. The Pipe Lines Act itself contemplates an international gas pipe line. We cannot leave it to the Alberta government; we cannot leave it to the board of transport commissioners to decide whether or not a gas pipe line should serve Canada first before the gas is exported to the United

States. There is only one place where that can be decided under the present set-up, and that is in this parliament. It must be decided, by our insistence as legislators dealing with the matter, that the route should be through Canada. There is only one way in which we can accomplish that result, and that is by insisting that there be embodied in the act incorporating the company a provision that the route shall pass over Canadian soil, and that the gas shall be used first to supply Canadian needs. Then, the surplus could be exported to the United States.

Mr. Robinson: Did you insist upon that for the company that was here last year?

Mr. Fulton: I have answered my hon. friend with respect to the company that came last year; it undertook to build a Canadian route.

Some hon. Members: Oh, no.

Mr. Fulton: As I have stated before, I feel that the issue before the house at this time is the issue contained in the amendment moved by the member for Vancouver East (Mr. MacInnis). Before any of these bills be allowed to pass, the sponsor of the bill should give assurance and that assurance should be incorporated in the act itself, that the pipe line will be built across Canadian soil, and the gas will be used first to serve Canadian purposes. Then, we shall gladly share the surplus with the United States. That proposition has been laid clearly before the sponsor, and the persons who seek incorporation of this company, and that assurance has not been given. For the reasons I have stated, and because I feel that in this parliament we must adopt a positive policy for the development of our own resources to build up the western area of our country as an economically powerful unit, and because assurances have not been given, I support the amendment moved by the member for Vancouver East and oppose the bill for which second reading is sought tonight.

Mr. J. H. Harris (Danforth): This particular matter, which is now before this house, is starting to grip the imagination of the people. I am of the opinion, sir, that our Canadian people should think of it from the point of view which has been brought to their attention for many years, that is the rather broad view which reminds us that, in so far as these particular resources which Providence has given to this country are concerned, we ought not to be hewers of wood and drawers of water for that great magnet to the south of us. We should have that intestinal fortitude to develop our own resources, within our own country, which befits the strong men of the north, who are going to make this country what Providence designed it to be.

Prairie Transmission Lines

Three years ago this month, it was my high privilege to receive a cable from London to go there immediately. The transport division of this government enabled me, although I received the cable on a Friday, to be in Kingsway house, London, within three days. Whilst there—I am talking, Mr. Speaker, about these gas and oil deposits that are in Alberta—my imagination was gripped by the possibilities provided by the gas and oil in Alberta. At that time I was able, sir, to interest some British concerns in those fields. I see my hon. friend, who is paired with me in the house, smiling. He has a ten million pounds sterling statement under his hands now, sent to him this afternoon, showing the magnitude of this enterprise.

I say to you, Mr. Speaker, that that same organization is working in Calgary, Alberta, today. They have sunk several hundreds of thousands of dollars into that proposition, and they are using thousands of feet of that natural gas to develop and produce a product which is required in this country of ours. This is only one small example of what might be done, if the hon. members in this chamber would only let imagination grip them, and attempt to develop our country. With the help of the know-how of those in Britain, we could develop our own country, and use all the natural products and the natural fuel to aid in that development.

Let us not continue for the next hundred years, Mr. Speaker, to be hewers of wood and drawers of water for the 140 million people to the south of us. Let us have the intestinal fortitude to develop our own country for our own people, and take full advantage of the possibilities we have in this country.

Some hon. Members: You have made it; it is nine o'clock.

Mr. Harris (Danforth): Before I sit down, I know my time is up, but I want to answer one question that was posed to me today by the senior member for Halifax. I note that he is not in the house at the moment—

Mr. Speaker: Order. It being nine o'clock, the house will resume the business which was interrupted at six o'clock.

SUPPLY

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

DEPARTMENT OF NATIONAL REVENUE

Customs and excise divisions—

296. General administration, $1,506,165.

Mr. Casselman: Is the minister going to make a statement?

Mr. Fleming: In reviewing the details of expenditure, one sees that an increase of some

$2,633,000 in the estimates for the customs and excise divisions and an increase of $864,845 in the taxation division are attributable to changes in a number of items which seem to indicate a substantial shifting of staff from one branch to another. The details indicate that apparently a number of new positions have been created in certain branches, and a number of members of staff dispensed with in other branches. Will the minister indicate to the committee just what has been done? Will he also give to the committee information indicating the number of employees in the department, both temporary and permanent, and what trends are evident within the past year in respect of the proportion of permanent and temporary staff members?

There is another aspect of this question which has been of interest in previous sessions, and I think the committee would be obliged if the minister would make some statement on it. It will be recalled that it was this department which took over a large number of former members of the staff of the wartime prices and trade board when that staff was largely demobilized. At that time—

Hon. J. J. McCann (Minister of National Revenue): May I interrupt the hon. member?

Mr. Fleming: Yes.

Mr. McCann: I think the hon. gentleman has a misconception with reference to the estimates as presented. These estimates, while of the Department of National Revenue, constitute really two departments under one head: the department of customs and excise, which is entirely separate and distinct from the department of taxation, the other branch of the Department of National Revenue. Each has its own deputy minister and staff, and each performs a separate function of its own. When the hon. gentleman has concluded his remarks, I shall be glad to answer the questions he has asked.

Mr. Fleming: I can assure the minister that there is no misconception on my part as to the way in which the department functions as between the two principal divisions of it, customs and excise on the one hand and taxation on the other. We might make that clear to begin with. I can direct my remarks more specifically to either branch; but one would have thought it would contribute to the saving of time if in the course of a general discussion on the first item these matters were cleared up, because the inquiries I have for certain information now are applicable to both these divisions.

I was in the course of mentioning that this department was the one which took over a number of members of the staff of the wartime prices and trade board when that board was largely demobilized. At that time the salaries payable to the members of the staff of the wartime prices and trade board were higher than those payable to members of the staff holding corresponding responsibilities in the Department of National Revenue. Persons holding senior positions in the department were, in consequence of these moves, receiving salaries smaller than those of men who were junior to them on the staff but who had been taken over from the wartime prices and trade board at their same salaries.

The last time this matter was discussed in the house, which was a year ago when the minister's estimates were then under consideration, questions were asked with a view to obtaining from the minister a statement as to how far this anomalous situation had been eliminated. I ask the minister if he would bring the information of the committee up to date on that point as well.

Mr. McCann: The customs and excise divisions have taken over no former employees from the wartime prices and trade board. Some of them may have gone to the taxation division.

Mr. Fleming: They did. I did not suggest that they were taken over by the customs and excise divisions.

Mr. McCann: That is the item we are discussing at the present time. The general administration item here has to do with the administration of the customs and excise divisions. There will be an administration item also under the taxation division. As to the number of employees—and I think that was one of the questions asked by the hon. gentleman—as of October 31, 1949, there were 376 permanent and 192 temporary, a total of 568 in the general administration division. In investigation and audit, there are 438 permanent and 125 temporary, a total of 563.

Mr. Fleming: I do not ask for the breakdown by individual branches; it is just the total I want.

Mr. McCann: We will give you the total.

Mr. Fleming: We are subject to your ruling, Mr. Chairman, but if we are to have the questions broken down as between these two divisions, I think we shall be at this matter a needlessly long time. If the minister has no serious objection, I think it would be much better if we could have some general information about the department without his insisting on breaking the information down as between the two divisions.

The Deputy Chairman: Perhaps I may be of some assistance to the hon. member for Eglinton by bringing to his attention the fact that this department, unlike the other departments, is presented in the bluebook in this way: the first item, general administration, refers to customs and excise. It seems to me it might be well if we had a general discussion on customs and excise while the deputy minister of customs and excise is here. Then when we come to item 300, we can have a general discussion on taxation, at which time the deputy minister for taxation will be here. The Minister of National Revenue could certainly reply to the questions put to him by hon. members if we proceeded in that order. If the hon. member for Eglinton looks at the other departments, such as the Department of National Health and Welfare, for instance, he will see that the first item is departmental administration, and then the services; but there is only one deputy minister.

Mr. Fleming: There are two deputy ministers there.

The Deputy Chairman: In this case there are two separate departments. If the hon. member would like to make remarks of a general nature as to the department, I think it is quite all right to do so at this time. But as to specific questions which relate to taxation, I think he would be better advised to wait until the deputy minister for taxation is here.

Mr. Fleming: May I make it quite clear, in case I was not heard before, that I have not asked any specific questions about either of these main divisions. My questions have all related to the department in general. If we have to break this down and get information separately with regard to the two divisions, and total them up afterwards, it seems to me we are going to be taking a needlessly long time. You say, sir, that there is only one deputy minister of national health and welfare. With respect, there are two deputies, one of health and one of welfare, and we have always had a general discussion on the first item of the estimates of that department.

The Deputy Chairman: I agree with the hon. member. I certainly wish to permit this general discussion, but for the purpose of expediting business and permitting the minister to reply adequately to the questions which are being put, I think that unless we have the deputy minister for taxation in the committee in front of the minister it will be difficult for the minister to give all the answers to the questions put by hon members. Usually on this first item we have a general discussion. Hon. members make their presentations and the minister replies at the end. If the discussion takes place in that way, the Minister of National Revenue can reply to the questions with regard to the customs and excise branch, with the help of the deputy minister for customs and excise. As soon as the deputy minister for taxation takes his place in front of the minister, the minister could then proceed to answer the questions relating to taxation.

Mr. Fleming: I am waiting for some information. I again make it clear I have not asked these questions—

Some hon. Members: Sit down.

The Deputy Chairman: Order.

Mr. Fleming: —in relation to either division specifically. I asked for information with regard to the department in general. May I have that information, please?

The Deputy Chairman: The hon. gentleman will admit that it is the practice to have a general discussion and for the minister to reply at the end of the general discussion. Is not that the practice?

An hon. Member: Not always.

Mr. Fleming: I did not think I was entering into that discussion. I was simply asking for certain information. I asked some questions.

Mr. McCann: Mr. Chairman, since the inception of the department and of the two divisions over thirty years ago—and the customs department is as old as confederation —it has been the custom and the time-honoured tradition to handle the estimates in the way that they are being handled at this time, namely, as of two divisions, and that is the way that I propose to give answers to questions that hon. gentlemen ask. The hon. member for Eglinton can add them together just as easily as I can.

I shall now answer his question with reference to the number of employees. The total number of permanent employees as of the 31st of March, 1949, in the customs and excise divisions was 4,579; temporary employees 1,414; seasonal employees, 237, making a total of 6,230. The largest number of employees is at the different ports—that is, in every town and city where we have a customs and excise tax office. There are 3,765 permanent employees in the ports and 1,097 temporary employees. Within the last year, 1948-49, these people have collected $1,064,937,347.81.

With reference to the first item, the increased expenditure of $177,000 is made up principally by the increase in salaries over a year ago. That amounts to $173,999. Office stationery and supplies amount to $5,000, and travelling $5,000 additional.

Mr. Fleming: I asked the minister whether reclassifications were being made this year. My question was in general; it was not specifically on the first item. Can the minister indicate whether there are reclassifications proceeding in the customs and excise divisions of the department? From the details given in the estimates, a substantial change in the numbers is indicated. One would think that a revision of various classifications was pending.

Mr. McCann: Not in this department. There is no far-reaching revision or reclassification. Occasionally employees are being made permanent. Our quota of permanent employees is eighty-five per cent, and we are fairly close to the maximum of that quota. The reclassifications go on practically the whole year round, depending upon the length of time an employee has been in the department. No one can be made permanent until he is in the employ of the department for a year. One person might come in in June and another in December, so that from month to month some reclassifications and permanencies are being effected.

Mr. Knight: Mr. Chairman, I want to ask the minister a set of questions in regard to censorship, particularly censorship of books. I asked certain questions of the Secretary of State, and at that time the Minister of National Revenue was good enough to say that I should ask them on his estimates and that he would be pleased to answer them.

I have certain ideas in regard to censorship which I shall not inflict upon the committee at this moment, but I shall preface my remarks by saying that I have always had a great deal of difficulty in rending the curtain which has been hung around the censorship branch in this country.

I think, sir, that the idea of censorship is more efficiently applied to the working of the department than it is to the material to which it is supposed to be applied. I opened this inquiry a year or two ago by addressing to the minister or to his department certain questions on the order paper. At that time there was a lack of information which astounded me, and encouraged me to pursue my inquiry. I have not yet received the answers to my questions, and I am going to ask one or two of the minister tonight so that he may have an opportunity to answer them, and I may be allowed to comment as we go along.

When I broached the matter first my concern was to find who was the one man in this country responsible for the final adjudication upon a borderline case—that is to say, who has the final say in whether a book shall be admitted to the country or not. I did not expect to get the name. That is not the point. I want to know what official it is in the department. I instituted my inquiry a couple of years ago, and for personal reasons I was not able to pursue it at that time. I insisted that that man should be a person who by education, background, experience and knowledge of literature would be competent to censor books coming into the country or books which are produced in this country.

I do not want to give the impression that I am in favour of censorship. On the whole I am not, except in the cases which were covered by the bill of the hon. member for Kamloops, to which I gave my heartiest support. Now we are talking about a different thing. We are talking about the censorship of adult reading, and the keeping out of this country of books which perhaps should be admitted, and the allowing of books into this country which perhaps should be kept out.

I have maintained, and I challenge contradiction—I can do this because the statement has never been denied—that this condition of affairs means that the men who in the past have been responsible for this censorship were not efficient, in the respects which I have outlined, to do that particular job. That is my general charge. The minister has the facts, and I shall listen with interest to what he has to say in that particular.

To go into the circumstances of this matter, let me say that the department and the officials in charge of censorship looked upon my inquiries, as I see it, in altogether too affable and casual a manner. They looked upon them as, after all, a matter of not much importance—"after all, any customs officer can censor a book." I have that, sir in the actual words of the gentleman in charge of that particular job, astounding as it may sound to many.

I shall not mention anyone's name, because I have no purpose of that sort. I am only anxious that if we are going to have censorship in this country we shall have efficient censorship, and done by people who understand what they are doing.

I do not think for one moment that people can be agreed upon this matter. One man's meat is another man's poison. I know censorship is a tremendously difficult operation, and

that is the reason I want people with the necessary background to make wise decisions in the matter. That, I claim, has not been done.

In regard to this particular inquiry, I asked certain questions of the department. I said, "Who is this man? What are his qualifications? What is his education? What is his background?" The answers I received were so ludicrous that I blush to mention them to the house. I heard, for instance, that he had some twenty or thirty years' experience in the customs and excise branch—as if that would make him a literary critic. That is the first one.

The gentleman himself said at that time that he was only a temporary employee substituting for an elderly gentleman who was on leave of absence preliminary to his retiring from the service. That in itself was a peculiar situation—a temporary employee. He said he was going to be replaced, he hoped, by a permanent employee.

Perhaps I might say a word or two before I ask my question. I had intended to do this later, but I might as well give the house the rest of the story. This gentleman was interviewed by a member of the press and asked how he regarded this particular occupation of censor of Canadian literature? The pressman said this gentleman was an affable person who confessed that a daily diet of certain types of literature was not at all to his taste. He said he was filling in until the regular appointment was made.

One of my questions is as to whether that regular appointment has been made of a permanent person, and whether that person has the qualifications to which I have referred. This gentleman went on to say further, "It does not require any particular training to tell a bad book." I do not know whether the gentleman was suggesting that perhaps he could smell it. He said, "You do not need a lot of education to spot a bad book." That was his point of view in regard to censorship, a Mrs. Grundy point of view—nothing at all about the quality of the literature, nothing at all about the necessary realism that perhaps should appear in a novel to make it realistic, as distinct from the typical pornographic thing written with a deliberate purpose of creating a best seller. He had no conception whatever of those things.

He said—and I am quoting his words to the newspaper reporter of the Regina *Leader-Post*; and that reporter may be in the gallery tonight for all I know—

> You do not need a great deal of education to know whether a book is bad or not when you read it.

Then he goes on to discuss certain readers. May I for the information of the committee state—and perhaps I shall anticipate the minister—that there is a certain group of readers who are supposed to read these particular pieces of literature and then hand them on to this final mogul, whoever he is. He makes the final decision.

These readers, by the way, are not all men; I understand, and the minister will correct me if I am wrong, that the chief censor in this country is really a lady. However he said this:

> They had no special training for their work—

That is interesting.

> —but have had years of experience in the job. When appointed they had no special recommendations qualifying them for the position. They were appointed by the civil service commission.

That might help them. The gentleman went on to say, when pressed in regard to making a decision, and to what extent he was influenced by the decision of these particular readers, that he usually concurred in the findings of the readers. With his qualifications I suggest that that perhaps is quite probable.

> And either bans or approves importation of the book in question . . . If our appraiser is doubtful about certain passages you can pretty well depend upon it that they are bad.

Well, sir, to me this whole thing is astounding, in this day and age, when Canada is growing up and when Canada is more and more asserting herself as a nation, when Canada is more and more trying to encourage the development of her own writers in this country.

I could go on, because I made an investigation into this matter. I have a thick file upon it. I have statements from people and I have communicated with authors and with some persons bearing very famous names which would be recognized at once if I mentioned them in this chamber tonight. I have their opinions in the matter.

Then the matter of foreign language books comes up. How is a decision made as to whether foreign language books are to be admitted to this country? I remember asking a young mountie who was looking for seditious literature if the *Ladies Home Journal* was all right. He said he did not know, that he would have to look up the list and let me know later.

That is exactly the type of thing one would expect from the average customs officer, when it comes to censoring literature. The thing is just foolish. Literature is being handled like liquor, tobacco, sugar or something being brought across the line. How do we expect these men to become competent in the matter

of handling foreign languages? As a matter of fact we did have several translators after the war. But now I understand from the Secretary of State, as I elicited by questioning him the other night, that these translators are practically all men who translate the two official languages of the country, English and French.

I have not received any satisfactory answer as to the number or the capabilities of the foreign language translators. A book is presented to a customs officer, I presume. I simply say this, that I do not think a customs officer is competent to handle that situation. The easiest thing for him to do is to admit the book and be done with it. The alternative is to be doubtful about it and send it up to the readers at Ottawa. The readers look around and find some passage in it which may be doubtful. They submit it to this final person, whoever he is, and he makes the final decision. And so some customs and excise officer in this country is telling me what I shall read and shall not read. I object to that.

Perhaps there is no use getting upset about all this. I could tell the committee a good deal more about it, and it is a sad story. You see, we have only one or two foreign language translators to handle the literature of all other languages, except French and English. I appeal to hon. members: What efficiency can one expect under the system I have described?

The minister may say that I make false accusations and these things are not true. All right; let the minister say so. I have been asking his department to say so for two or three years. One of the faults I find with the genial minister is that he does not trouble about these things; he seems to think that it is not of any importance. May I suggest to him that this is something which is perhaps a little over the head of this particular departmental official. This man is not a competent judge as to what I shall or shall not read.

These foreign books come in, and I am sure that some of them are all right and some of them are all wrong, but nobody knows. I have bought books that were on the banned list—and by the way I should like to ask the minister whether that list has been revised in the last forty years. I should like to ask him if Bellamy's "Looking Backward" is still on the list. I thought they took it off, but if they have not, it will indicate the kind of censorship we have had in this country.

I have some constructive as well as destructive criticism to make. I do not think that any one man, particularly the ordinary customs officer, should have the responsibility of making the final decision in borderline cases. I have recommended that a committee be appointed to help in this matter. Let the official have the name of being the censor, but he could be assisted by this committee made up of people who know something about the matter.

I think I have said enough, but there are some questions I should like to get in before the clock overtakes me. First of all, I should like to ask the minister whether the gentleman—I have not named him—who has been described as an affable, middle-aged man who was on a temporary basis, has been replaced by a permanent official who is capable of doing this work.

Mr. McCann: Ever since confederation there has been a law on the statute book that literature that is immoral, indecent and seditious shall be prohibited from entry into the country. I shall not keep the hon. gentleman in suspense any longer; I will tell him that the duty of enforcing that law devolves upon the minister in charge of the department. If there is a mystery man at all in connection with censorship, I plead guilty to that indictment. So far as Mr. Merriam goes, who has given him information with reference to censorship—

Mr. Knight: On a question of privilege, I have never seen Mr. Merriam in my life, nor have I ever communicated with him, nor have I ever received any information from him. The last time I asked the minister that question he did not give me the information that he was responsible. He said that a certain man in his department gave the final decision. In fact the last time I asked the minister that question he said: "Of course I do not do the work; the hon. member for Saskatoon city must know that we have a staff". I can turn that up in *Hansard*. I am glad to know—or am I?—that the minister is now the official responsible.

Mr. McCann: The hon. member asked me a question with reference to the former censor, whether he was still doing it and whether he was in the employ of the department. I was going to say no; that Mr. Merriam, who for some time did that work, is no longer in the employ of the department.

Mr. Knight: The minister said that I had received information from Mr. Merriam, a man whom I have never seen in my life. I can give the minister the man's name as I have it here. I shall send it over, because I do not like mentioning civil servants in the committee; but apparently the minister has no such scruples.

Mr. McCann: As I say, the responsibility belongs to the minister, but the minister

cannot personally censor the books, and he depends upon his officials. The general executive assistant of the department is the one who has that responsibility, and he has persons to assist him with the reading and censorship of these books. If translations are required, and there are translators available in the Department of the Secretary of State, their services are obtained. If they cannot meet the requirements, then people outside the department are used.

I suggest that it would be folly for the department to have full-time officials who would have as little work to do as they would have to do in censoring books written in other languages for which entry into this country might be sought. I suggest that you do not have to be a great literary critic to tell the difference between decency and filth. I have looked at a number of these books, and without reading them very far I could see that they were not the type of literature that should be let loose in this country where everybody can read it. Just the other day a ban was placed on crime comics, and it is now a criminal offence for them to be sold in this country. Much of the literature that seeks admission to this country is so filthy and so immoral, and some of it so seditious, that the department would be doing a great disservice to Canada to allow such trash to come into the country.

Mr. Knight: I have no disagreement with the minister as to crime comics; I thought that would be understood by the minister. I think my actions will back up what I say, because I supported the bill against crime comics. Secondly, I do not think there is any need to have a lot of people skilled in literature on full-time pay in the department. It would be possible to have committees to read this literature without having people on full-time pay.

I have not been told yet whether there is a man definitely in charge of this particular work, and who is responsible for it. I should like to know also how many readers are reading this type of literature at the moment. I am not talking about crime comics or the other filthy things that were dealt with by the bill sponsored by the hon. member for Kamloops.

Mr. McCann: I simply gave that as an example.

Mr. Knight: I am referring to what might be termed legitimate novels. I admit that some of them should be kept out of the country, and I want them kept out, but I do not want those that should be let in to be kept out. Such books should not be kept out because of the attitude of a censor who does not know his business and who, in the case of doubt, refuses to admit a book. I think that has been the attitude of the department up until the present time. When I started my inquiry there were three readers in the department; is that the position at the moment?

Mr. McCann: There is not a single person whose sole duty is censorship. There is a sufficient staff to meet the requirements with reference to reading and censorship of these books, but this need varies from time to time. The responsibility is in no way put upon the collectors of customs at the ports of entry. If there is reason to suspect that any literature coming over the border at any of the ports is indecent, immoral or seditious, such books are sent to the head office in Ottawa for determination as to whether or not they should be allowed entry.

Mr. Knight: The question I asked the minister was perfectly straight and plain, but perhaps he did not understand it. I did not ask whether these people were full-time employees, whether they were customs officers or anything else. I asked how many people are engaged at times in reading these books —that is, both ladies and gentlemen—to decide whether or not they are proper reading matter for the people of Canada. That was my question. It is easy to answer. How many; one, two, three, or what number?

Mr. McCann: The number is three or more, depending upon the requirements.

Mr. Knight: Then I want to ask a further question. I think we are pretty clear that a book published in the United States is subject to examination by customs officers at the border. If the customs officer is in doubt he sends the book to Ottawa. Here it is scrutinized by the reader, who submits it to somebody for a final decision, and that decision is made. There have been instances, of course, where ten thousand or more copies of these books have been distributed throughout the country before the decision was made. I have known of books which were refused admittance at one customs port but which could be bought at the next town, where they had been allowed in; but that is just by the way.

Now we have the number of readers; there are three. I take it these are the same three who were in charge a couple of years ago, one of whom is the lady I mentioned, who I was given to understand was the main censor in Canada. This gentleman who was so long in charge has already stated that he accepted without reserve the advice of these readers, and that is my point. It was

the reader who was making the final decision; the higher official was simply a customs officer who said, "Well, all right, if that is your choice." Now we have had the procedure in connection with books coming from outside Canada. Let us get at what is done in connection with books published within Canada. I take it that no books published in Canada are censored at all, unless information is laid by some individual or by an official in a provincial government who, after a book has been in circulation, discovers it and submits it to Ottawa for adjudication. Would I be correct in that?

Mr. McCann: We have absolutely nothing to do with books published in Canada. These customs regulations have to do entirely with the entry of books from foreign countries. As head of the department I take full responsibility for the final say as to whether these books enter or are prohibited, and I intend to do that until some better system of censorship is set up, if that is required, by the Canadian parliament.

Mr. Knight: That is exactly what I am advocating, that some better system of censorship should be set up by the Canadian government. That is why I am criticizing the system we have now. The minister says he is the final adjudicator, that he is the man who decides with respect to a borderline book. With all due respect to the minister—let it be understood that there is nothing personal in this, because the minister knows I have all respect for him and his ability—I suggest I would rather have censorship, that is to say the final adjudication, in the hands of a committee chosen to do that particular work, not necessarily on a permanent basis. Further I would ask the minister how many books are on the banned list at the moment. I am not talking about love story magazines or crime comics, or that sort of thing. What is the approximate number of books on that list?

Mr. McCann: I cannot give the figure accurately, but I am told it is in the neighbourhood of three or four hundred.

Mr. Knight: Perhaps the minister could tell me how many books have been banned during the past year, if he has that information.

Mr. McCann: During the period from April 1, 1949, to November 30, 1949, some eighty books and seventeen publications, in English and French, were prohibited. No foreign language books or publications have been prohibited during that period.

Some hon. Members: Carried.

[Mr. Knight.]

Mr. Knight: It is not carried. If my hon. friend would like to take up where I leave off I should be delighted. This is something I believe should be ventilated, and I propose to ventilate it. If my hon. friend desires to assist I should be glad to hear his opinion on the matter; otherwise I suggest he leave this matter to me. Now I ask the minister how often this list of banned books is revised. You know, as time goes by we get more modern ideas, shall we say, and there comes a time when Bellamy's "Looking Backward" may be read without objection. Who decides when books should be taken off this list? If the minister wants a definite question, how many have been taken off this year, if any, or in the last forty years?

Mr. McCann: The list is revised from time to time. I cannot say how many books have been taken off, but that revision is kept up sufficiently, we believe, to meet the need.

Mr. Carroll: I would not suppose that a publication declared immoral forty years ago, twenty years ago or even ten years ago would be declared moral today or tomorrow?

Mr. McCann: Certainly not.

Mr. Knight: A few years ago there was a good deal of controversy over "Bernard Clare" by James Farrell. I wonder if that book is still on the censored list? I merely use it as an example.

Mr. McCann: Yes, it is. I took the trouble to read it myself, and it is as filthy a thing as was ever printed.

Mr. Knight: I make no issue of that. I have never read it. I am well aware that the majority of hon. members are not interested in this subject, so I shall bring my remarks to a close. I might ask the minister one or two further questions which he can answer with yes or no. What is the system of examination of United States or for that matter any motion pictures coming from outside the country. Is that a provincial set-up?

Mr. McCann: That is a censorship which is undertaken by the different provinces.

Mr. Knight: And I assume the censorship of what goes over our public radio is a matter for the C.B.C.?

Mr. McCann: Yes; but I can say to the hon. gentleman that it is so pure it scarcely needs any censorship.

Mr. Knight: I think some of the hon. members to my right would not agree with that. Well, Mr. Chairman, I shall conclude my remarks by simply repeating what I said at first, that there is a sort of smugness about

this department of censorship which I do not like. In the first place I think the whole thing should be publicly aired; I think the department should take the public into its confidence. I believe the public should know the criteria by which books are judged. As far as I can see the minister has only two words, one of which is "good" and the other "bad". I do not think that is good enough for this day and age. I think the public should be taken into the minister's confidence as to the criteria by which these books are judged. I have no purpose in discussing this matter this evening except to obtain information for myself. I could read questions I have addressed to the department, and its replies. I have several returns which say this sort of thing "Answer to question No. 1: No. Answer to question No. 2: See answer to No. 1." I have several returns of that sort but I have never been able to get to the heart of this business of censorship.

I would say that the first step towards reform is a ventilation of the whole subject. In the second place—I should like you to notice this term in what I am about to say—the administration of censorship is beyond the scope and ability of the average customs officer. I believe this is constructive criticism. I do not think it is fair to ask a minister to wade through the books about which he has been talking. I do not believe any minister of the crown has time to do that sort of thing. There should be, in my opinion, a responsible officer with the experience, background, training and education which would make him, in the eyes of the public, a person fit to do that particular work. As his assistants, because I do not think it is fair to make any one official responsible, he should have a committee of people who know something about literature. They could be on a permanent basis if you like, but I would suggest a temporary basis.

The department should take the public into its confidence in this particular matter. The public should know by what criteria these literary works, if I may call them that, are adjudged. The principle must be known. You cannot have any censorship unless you have the support of the public, and without such criteria being known to the public, censorship can only be applied in a haphazard and discriminatory way.

Mr. Hansell: I have just one observation, Mr. Chairman. Did I understand the minister to say that a book that might be considered immoral ten or twenty years ago would not, perhaps, be considered immoral today?

Mr. McCann: Not at all; I said the opposite.

Mr. Hansell: Oh, I am glad the minister said that; because if that were what he did say, I would suggest that the book does not change. If our attitude towards it changes, that is different. It would mean that the attitude we took would be immoral, not the book.

Item agreed to.

Taxation division—

300. General administration, $1,983,384.

Mr. Macdonnell (Greenwood): I should like to ask the minister a question about some remarks he made in the house on November 25. At that time, the minister was speaking about permanent and temporary servants in his department. He indicated that there would be a reduction of some 4,000 in his department after the current fiscal year, because of the fact that the backlog upon which the department had been working would be finished. Will the minister say a word or two more about that?

I notice that this year the figure, presumably for staff, is up nearly $1,400,000. Perhaps the minister would indicate exactly why that was, and would say a word or two more about the impending reduction of these 4,000 people who, according to his statement on November 25, would no longer be needed after the end of this fiscal year.

Mr. McCann: I think it might be well if I made a short statement with reference to the departmental activity. In that statement, I shall cover the points which the hon. gentleman has made. In submitting the estimates of the taxation division of the Department of National Revenue, there are a few points which I should like to bring to the attention of hon. members.

You will have observed that by far the largest item in the estimates comes under the heading "salaries". The amounts needed to meet these requirements are greater than ever before. There are two main reasons for this: One, a substantial increase in staff; and two, the increases in rates of pay arising from the general over-all salary increases common to the public services as a whole since the war, and also the normal increases arising from promotion, reclassification of positions, and statutory increases within grades.

To deal with the first point requires a brief reference to the position of the department before the war. In the nine years ending in 1939, there were filed 3,590,224 personal returns and 253,903 corporation returns. Collections on all counts, personal and corporation, amounted to $833 million. In wartime, tax rates increased, exemptions decreased, the Excess Profits Tax Act was introduced, and

the federal government entered the succession duty field. As a result, there were filed for the nine years 1940 to 1948, 24,863,540 personal returns, 316,725 corporation returns. Collections for that period totalled $11 billion and $69 million on all counts.

Because of the pay-as-you-go system of collection adopted in 1942, a very considerable part of these moneys flowed in freely. But I think it is fair to say that, despite prodigious efforts to simplify procedures, the work of the division increased far beyond the capacity of the available staff. During the war, it was impossible to obtain the numbers of persons, men and women, especially in the skilled classifications, to keep the work on a current basis. In fact, many experienced men and women were lost to the services, and other war activities.

As hon. members know, a very serious backlog of work accumulated. At the end of the war, when staff became available, great efforts were made to recruit. To illustrate what happened, may I give you the following figures: On March 31, 1945, the staff numbered 6,421; it increased in 1946 to 7,097; in 1947, to 7,370; in 1948, to 10,478. The peak period was in March, 1949, when the staff totalled 11,704. Since that time, it has decreased and, as of October 31, 1949, it stood at 10,963.

Recruitment of course is but the beginning. Ours is a complex and difficult task, requiring that new employees be given extensive training, so that the full effects of the additional people were not immediately apparent. I am now happy to be able to advise you that, by the end of the current fiscal year, all returns filed in respect of 1948 and prior years will have been dealt with. To illustrate what has been accomplished, I should like to give you the production of assessments in this year. On October 31, 1948, we had 2,952,555 returns; from November 1, 1948, to October 31, 1949, we received 4,071,870 returns. The total was 7,024,425 returns. From November 1, 1948, to October 31, 1949, we assessed 5,868,677 returns, and the balance to be done between now and the end of March amounts to 1,155,748 returns. I can assure hon. members that the balance will be dealt with within the time limit indicated. I feel I should also add that it is my intention that all tax returns filed with my department will be dealt with without delay and, in any event, within twelve months of receipt.

To accomplish this gigantic task, it has been necessary to develop new procedures and new forms. The vast majority of individual taxpayers use the new form known as T.1 short, introduced this year. Our system now enables us to examine and assess practically all of these shortly after receipt. True, it is necessary to re-examine some returns and, as a result, it may be necessary to issue re-assessments. This is the point to which the hon. member for Eglinton referred last night. In all such cases, the re-assessments will be made within the year. There will be cases, of course, where taxpayers have deliberately falsified their returns. Where such returns are assessed without the true facts coming to light, the assessments will be subject to review at any time. Fortunately, it has been our experience that such returns comprise a small proportion of the total.

Because the work is now well in hand, and because it is at last possible to measure reasonably accurately the volume of future work, I am able to assure the committee that the decrease in staff evident in 1949 will be continued. It is expected that substantial reductions in numbers will be effected without major lay-offs, primarily because there is a large staff turnover and because, as the department is about thirty years old, there are members of the staff who are now reaching retirement age.

Before leaving the first point I should like to mention the amount of work involved in handling refunds. In 1948 the department processed all refundable savings claims for 1942, and in 1949 we processed the claims for 1943 and 1944. I am speaking, of course, of individuals, not of corporations. The following data will convey some idea of the volume of work involved:

	1948	1949
Cheques issued	1,184,033	3,048,621
Changes of address received	697,469	1,456,879
Letters received and answered Approx.	50,000	95,000

But, apart from the refundable savings, there are ordinary refunds arising from overpayments of instalments or overdeductions at source. These amounted to:

	1948	1949
Refund cheques issued	1,650,270	1,878,938

On the second point, I should like to draw your attention to the new wording which appears in the printed copy of the estimates. This arises from an important change in staff policy brought about during the past year. Recruiting of the staff has been brought under the civil service commission. I am sure hon. members will agree that this has been a progressive step. It meant, however, a complete analysis and, to a considerable extent, revisions of the department's establishments. In fact, these jobs have not yet been finished but will be shortly.

I should add that the estimates before you were prepared a year ago and do not anticipate those changes effected this year and planned for next year.

As to items other than salaries you will find increases in travel, telephone, telegraph, express and cartage and sundries; and you will find decreases in printing and stationery, postage, advertising and law costs. All of these other items depend to a large extent on the volume of work and the size of staff, subject only to changes in prices of materials or services over which the department has no control. I am glad, however, to report that the total for such items in this year's estimates is down substantially from last year.

I shall be glad to give you any further information you may need to answer whatever questions may arise out of your consideration of these items. I think perhaps that answers the hon. gentleman's question. As I have indicated, the prospect is that the number of staff will gradually go down; and when we have the staff to deal with all the returns and assessments on a current basis, the reduction which I indicated the other night ought to take place.

Mr. Fleming: I think the committee will commend the objective that the minister has set of seeking to assess all returns on a current basis.

May I ask him about two points, one of which I touched on earlier, the other having to do with refunds. On the subject of refunds I should like to ask the minister within what period of time it is expected that refunds will be issued to those from whose earnings deductions were made at the rates in effect prior to the budget speech of last March, which rates were reduced by that budget. I presume that work has been in hand while the budget proposals have been pending and that the department may be in a position, now that the legislation is about to come into effect, to proceed expeditiously with the issuance of the refund cheques. If it is more convenient for the minister to answer that question now, I could leave the other question until he has completed his answer.

Mr. McCann: The hon. gentleman of course understands that we have been waiting for the authority. As soon as royal assent is given to the bill that was passed today, those who come off the tax rolls, which would be 771,000, will get their cheques immediately. For those who have refunds coming because of reductions, just as soon as they file their returns, if there is a refund coming to them, it will be made.

Mr. Fleming: That is the point. I understand that the cheques are all ready and will go out immediately when royal assent is given to the bill.

Mr. McCann: Yes.

Mr. Fleming: The other point is one I mentioned earlier, and perhaps it has been answered in part by the minister's statement, but he might be a little more specific, if he will. I was referring to the large accession to the staff of this department from the staff of the wartime prices and trade board. I understand there was some difficulty about the adjustment of rates of salary, in view of the fact that the rates of salaries paid by the wartime prices and trade board were higher than those in effect in this department, with the result that after these shifts were made, some who were holding senior positions in the department were actually receiving less in the way of salary than members of the staff who were junior to them. Will the minister indicate whether that situation has been levelled off now and whether those discrepancies have been removed?

Mr. McCann: I think that situation has been straightened out. The salaries that we pay are, of course, set or at least approved by the civil service commission. We did not really experience any great difficulty in that regard because a great number of people who had been in the wartime prices and trade board were quite aware of the fact that they were in temporary positions and perhaps were receiving salaries at that time over and above the scale that we were prepared to pay. Hence I say we did not experience any great difficulty by reason of that fact.

Mr. Fraser: I just want to ask a question that I have asked every year. I hope the minister will make plans to put a permanent taxation office in Peterborough. I suggest it at this time because I should like him to ask the Minister of Public Works to make provision for that office in Peterborough when he is making plans.

The Deputy Chairman: Shall the item carry?

Mr. Fraser: I should like an answer on that point.

Mr. McCann: I am not prepared to make any such promise. The matter of the location of offices is done largely with an eye to efficiency and an eye to meeting the requirements of a particular district. I will call the hon. gentleman's attention to a report that I tabled two or three years ago.

That report was made by experienced businessmen, in conjunction with representatives of the Department of National Revenue, who made a survey of the whole country and then indicated to us where they thought offices could be placed to the best advantage to serve the public.

Mr. Fraser: The taxpayer in Peterborough is obliged to go seventy-five miles down to Belleville in order to straighten out his various problems. The minister puts a temporary office in Peterborough after the new year. This year I hope that temporary office will start operations there earlier than it did before. Seventy-five miles is a long way to go, and I think something should be done for these people.

Mr. McCann: We will give the hon. gentleman's inquiry careful consideration.

Mr. Stewart (Winnipeg North): Can the minister tell me what are the latest numbers of assessments made of farmers throughout the country, by provinces?

Mr. McCann: I would draw the hon. member's attention to the book that we get out in the Department of National Revenue called "Taxation Statistics". If he will take the trouble to look at that book he will get pretty nearly all the information he requires. Our office does not keep details as to the number of particular occupations in which they are assessed. That is a question the hon. member asked? How many returns were filed?

Mr. Stewart (Winnipeg North): I want to know whether more assessments are made of prairie farmers than of farmers in other parts of the country.

Mr. McCann: The hon. member will get the information in this book.

Mr. Lennard: I wish to refer to a matter which I brought up on the defence estimates, and with which the minister is familiar. It had to do with the reserve army and the officers and inspectors of the cadet corps of Canada. As is well known, their pay is taxed. I have referred to the matter for years. I should like to know what progress has been made in the matter of exempting them from this unfair taxation.

Mr. McCann: Mr. Chairman, I would draw the hon. member's attention to the fact that our department is entirely administrative, and whether the law says this, that or the other thing we try to administer it. The hon. member's protests or his requisition with reference to the matter would be better directed to the Minister of Finance who makes the policy that we carry out. Much as we would like to individually, perhaps, we have no authority to exempt the particular pay that a reservist gets and not call it part of his income.

Mr. Quelch: Can the minister give us the number of prosecutions of farmers by provinces for failing to pay income tax?

Mr. McCann: The hon. member's question is, What prosecutions have been made against farmers for failing to pay income tax? The answer is none. We have not prosecuted them for failure to pay.

Mr. McLure: I wish to draw to the minister's attention something that I mentioned to him last year. The vote for the Department of National Revenue is $52,545,233. Tonight the minister has given us all the figures. In the details we have all the civil servants who are employed. The sum of $23,941,500 is allotted for temporary employees. If the department had given us all the details we would have been saved the trouble of digging them out. Some sixteen thousand or eighteen thousand temporary employees draw this $23 million odd. Those details should have been given in the estimates and we would not be voting a blank cheque all the time.

Mr. Hatfield: Is a farmer still required to make up a net worth statement?

Mr. McCann: Only, Mr. Chairman, where he fails to file an income tax return. He has his choice of either the cash basis or the accrual basis; but if he does not file a return of either he is asked to do so. If he still does not file a return then we ask him for a net worth statement, and we try to arrive at a figure which will indicate his yearly income over a period of years for which the net worth statement is filed.

Mr. Hatfield: How many years do you go back?

Mr. McCann: It will vary according to the circumstances.

Item agreed to.

Income tax appeal board—

303. Administration expenses, $50,000.

Mr. Macdonnell (Greenwood): I want to ask the minister one question on the item of $50,000 for administration expenses. Will the minister indicate just what is the nature of the administration expenses connected with the tax appeal board? I do not mean in detail; it seems like a substantial amount, more than the salaries themselves.

Mr. McCann: The item of $50,000 has to do with the income tax appeal board. The salaries are statutory. They are fixed. The other expenses are: printing, stationery and office equipment $3,000; travelling expenses, court reporter's included—it must be understood that this appeal board sits in different

parts of the country, and there are travelling expenses incurred—$30,000; telephones and telegrams, $300; court reporter's fees, $90 average each case, 160 cases a year, $14,000, a total of $47,000, and $700 for contingencies. These amounts added up make $50,000.

Item agreed to.

International short wave broadcasting station—

305. Maintenance and operation, $1,781,850.

Mr. Gillis: Will the minister give us a brief outline of just what particular service this international short wave broadcasting station performs? What wave length in Canada on one's own radio can one pick up on the station? We are spending a lot of money on it, and personally I have never heard just what function it performs.

Mr. McCann: Items 305 and 304 amount to $2,753,000. It is made up of performers' fees, $500,000; salaries, $628,000; news service, $50,000; postage and excise, $30,000; printing and stationery, $15,000; rental and accommodation, $25,000; telegrams, telephones, et cetera, $40,000; travelling, removal expenses and duty entertainments, $60,000; general operating overhead, $146,000; transmission lines, $31,000; power, $40,000; tubes and maintenance, $37,000; Crescent street, Sackville line, $50,000—that is from Montreal down to Sackville; improvements on leased properties, $5,000 and supervision charges, $84,850. That makes up the $1,781,850.

I think it might be of interest if I gave the committee some information with reference to the international short wave service of the Canadian Broadcasting Corporation. On February 25, 1950, the international service of the C.B.C. will be five years old. In an inaugural broadcast Mr. Mackenzie King, who was then prime minister, said—and he was speaking to our troops overseas—

> Tonight, Canada enters the world radio arena. As we undertake this new service, let us resolve that, in peace as in war, we will be true to the ideals you are so valiantly upholding—ideals which have made our country a nation. The unity of Canada belongs not only to Canada, it belongs to mankind. If we are true to ourselves, Canadian unity may well serve as a model for the wider unity of humanity. In the unity of mankind lies the one sure foundation of enduring peace.

The most powerful weapon against misunderstanding is the frank exchange of information among nations. This is a time when curtains of any kind, iron or otherwise, are tragic in the extreme when they exist between large groups of mankind.

The above facts provide the justification for the use by the nations of short wave broadcasting. Canada increasingly for the past forty years has found herself thrust out into the main current of world affairs. She could not if she wished pursue a policy of isolation. Our history and the traditional ties that result from it, and our geography which places us in a strategic position in the world have settled that for us. Increasingly Canada has been playing her full role in international affairs. It is, therefore, logical that she should have an international radio voice and that is exactly what the international service of the C.B.C. is.

Mr. Drew: Is this still in the quotation?

Mr. McCann: No, Mr. Mackenzie King's statement was brief.

Briefly the purpose of the international service of the C.B.C. is to project abroad as factually, honestly and simply as possible information concerning life in Canada which will help listeners in other countries to form a clear and accurate picture of what goes on here. It is a conscious attempt to place Canada before world listeners as a western democratic country. The voice of Canada, as it has come to be called, includes information concerning the simplest as well as the most complicated aspects of Canadian life. Through the co-operation of various departments of the government it speaks as authoritatively as possible of Canada's policies —within the safeguards, of course, of security. We tell our listeners about the way we live in our homes, the way we worship our God, the way we educate our children, the way we amuse ourselves, the way we conduct meetings and large industries, the way we elect political leaders and the way our machinery of government functions. In other words we are trying to present a picture of Canada as a vigorous democracy.

The international service is beamed daily to Europe in English, Norwegian, Swedish, Danish, Dutch, German, Czech, Slovak, French and Italian. It is beamed to Latin America daily in Spanish, Portuguese, French and English. It is beamed once weekly in English to Australia and New Zealand.

The response to the service has amazed even the most optimistic of its friends. Since its inception, between 125,000 and 130,000 letters have been received from individual listeners in various countries. Between January 1 and October 31 of this year 26,996 letters were received. These come from all types of people and all bear witness to a growing, lively interest in everything that is Canadian. They often ask for information concerning business, concerning labour conditions, concerning conditions under which they can emigrate to this country, concerning education and a thousand other aspects of the life and enterprises of Canada.

I thought it might be interesting if I read you a few excerpts from letters received by the C.B.C. international service. I have here some letters which were received recently from Czechoslovakia. You will understand how much such letters mean if you pause to remember for a moment the risks run by those who continue to correspond with us from that iron-curtain country. Our Czech mail used to be the largest. Since the coup in February, 1948 it has, of course, shrunk very much. We still continue to get a volume of mail, however, which compares most favourably with that received from that area by the B.B.C. and the "Voice of America".

I shall not take the time of the committee to read these letters. However they are from a great many people in these foreign countries who expressed their appreciation of the service rendered by the C.B.C. I have taken time to give some information about the international service, because there are about a hundred new members in the house who know very little about it. I presume they wonder why we spend a couple of million dollars a year to continue the service. It was for that reason that I have taken the time of the committee to give this information respecting a service which is non-revenue-producing, which is owned for all the people of Canada and which is used for the purpose of disseminating news about this country throughout the world in order that it may help those people who are behind the iron curtain, and give them some information with respect to this free democratic country, and to tell them something about the way in which we live. It is a service which I believe throughout the years will pay back big dividends, perhaps not in dollars and cents, but if we can attract to this country people who will become good citizens in future years, the money spent for the international short wave service has been money well spent.

Mr. Gillis: Mr. Chairman, I am glad the minister did make the statement, because unless the older members of the house had served on the radio committee and followed this matter through since its inception, they would not know very much about what had taken place in this field.

I know of course that all hon. members support the international service and are glad to have the information the minister has just given. I do not see any other item in which the C.B.C. as such is provided for. I would say to the minister, and not in a critical way, that the service rendered by C.B.C. stations in the maritime provinces leaves much to be desired—and this is not because of any inefficiency on the part of the organization as such. In my view it is due to the way the wave lengths are allocated in those provinces.

Only a little more than a year ago a station was established in the city of Sydney. I live within thirteen miles of it, but cannot receive its signals. It is on a wave length that is not found on the average Canadian radio, and its signals are jammed in with those of American stations. While the national programs are carried by the station, you cannot get them when you are within even a few miles of it. The wave length is not found on the average Canadian radio band, situated as it is away over about 1700 kilocycles. That is in among the American stations.

I have received many complaints about it, and I am mentioning it to the minister so that it may be checked up. I do not live far from Sackville, at which point a powerful station is located; but I cannot receive it, either. The signals from the Sydney station cannot be received in Halifax, three hundred miles away. The Cape Breton stations are received only very poorly. On the other hand the privately-owned station in Prince Edward Island can be heard in practically any part of the province.

It seems to me the officials of the C.B.C. should discuss this matter of how wave lengths in the maritime provinces are arranged. I know that, in Nova Scotia particularly, the privately-operated stations are heard more clearly because of their better situation as to wave lengths.

Mr. McCann: The situation to which the hon. member has referred has developed because there was no other wave length available when the station was set up. While we are not discussing the C.B.C. execpt as it relates to the international short wave station which is managed by it, I would point out that representations have been made with respect to the whole matter of radio broadcasting to the Massey commission which is now sitting. I presume that some time next summer there will be a report from that commission suggesting changes that should be made for the betterment of the management of C.B.C.

Mr. Coldwell: Is it not expected that the report will be ready before next summer? I was hoping that it would be earlier because we expect a committee on the C.B.C. next session.

Mr. Fleming: It would have been most helpful to the committee when discussing these items to have had before it the annual report of the Canadian Broadcasting Corporation. The year of the corporation corresponds to

the government fiscal year and that report should have been available long ago. It would have shortened the proceedings before the committee and would have obviated the asking of certain questions concerning the work of the corporation. When will that report be available? In the past the report has usually been made available by the summer, but here we are in December and it has not yet been distributed.

Mr. McCann: I am informed that the report is at the printers.

Mr. Fleming: When was it sent there? Why was it not available long before this?

Mr. McCann: I cannot answer that question.

Mr. Fleming: I have just one word to say about reports. I think all hon. members are anxious to conserve time in the review of the estimates. It would save a great deal of time and avoid the necessity of asking questions if these reports were available.

We did not have his annual report when we were considering the estimates of the Department of the Secretary of State last week, but the following day or the next day after the estimates had been dealt with the report came to us. Last Saturday we reviewed the estimates of the Department of Labour without having the report of that department before us, and on Monday or Tuesday of this week the report was distributed. There was more than coincidence in that, I am sure.

We are now dealing with the item pertaining to broadcasting and are told that the report of the corporation for the year ended March 31, 1949, a year that closed more than eight months ago, is still at the printers. I should like to ask for any possible explanation for the delay in providing these reports to hon. members. With the house sitting in the fall surely it was the minimum duty of the government to do everything possible to expedite the distribution of these reports. I say it is lamentable that there has been such a sparse and tardy distribution of important reports. Lacking this particular report it has been necessary for some hon. members to ask questions about this international short wave station. That information would have been available in the report.

I should like to say a brief word about the relationship of the house to some features of broadcasting. I do not intend to go into the question at length, but I do want to say that I think it most unfortunate that a committee of the house on radio broadcasting has not been set up for two years. In the 1948 session there seemed to be good reasons for not setting up the committee because at the close of the 1947 session we had just completed an extended review of all the problems relating to broadcasting in Canada. In the early part of that session we were not aware that certain important moves on the part of the C.B.C. were under way. For instance, had it been known in the 1948 session that a large purchase of property in Montreal was contemplated, a strong request would have been made by the official opposition for the establishment of such a committee in order that that purchase might be considered before any commitment was made.

During the first session this year three requests were made by the official opposition for the appointment of a special committee on radio broadcasting. At first the minister was noncommittal and he simply indicated that the matter would be considered. Then when my leader pressed for the appointment of a committee a resolution was placed on the order paper, but with the summary dissolution that followed the resolution died on the order paper, and the committee was not appointed.

There is a great backlog of work for such a committee to do. This has been a short session and it has not been feasible to appoint a committee to carry on an extended review, but regardless of whether the royal commission headed by the Right Hon. Vincent Massey has completed its work or not, I submit that early in the next session a special committee on radio broadcasting must be appointed.

Mr. Lennard: You won't get it.

Mr. Fleming: If for no other reason I think the subject of television should be considered of sufficient importance to require the appointment of such a committee. A study of that subject is urgent and essential. This country is losing valuable time. We should have been acting long before this.

The policy of the Canadian Broadcasting Corporation, to which the government is a party, has been one of dog in the manger. There were Canadian groups prepared to undertake the development of television at their own risk and expense, but through the control it exercises the Canadian Broadcasting Corporation would not permit them to do that. The corporation may not have been responsible for that decision, and it may have been the responsibility of the government. When the government finally did make up its mind about the middle of the first session of this year and announced that they were proposing a loan of $4 million to the C.B.C. to permit that corporation to undertake the development of three television stations, two in Montreal and one in Toronto, I am sure some of us wondered how the Minister of Trade

and Commerce could have given his blessing to that proposal. When this matter was under consideration earlier this year the Minister of Trade and Commerce was one of those who said that such an expenditure would benefit only the residents of the metropolitan areas of Montreal and Toronto. In fact, the minister is reported to have said this:

> If private operators think it worthwhile to risk their money, let them go ahead. Some of them, like Canadian Marconi, can hope to get it back by selling television sets. If I were living in my own town of Port Arthur I'd kick like a steer at paying taxes to bring television to Montreal and Toronto.

However, for some reason or other it became the policy of the government about the middle of the first session of this year to lend $4 million to the C.B.C. to develop three stations in the field of television.

I do not believe television in Canada ought to be a government monopoly. In the second place, I do not think it fair that the taxpayers of this country should be burdened with the cost of providing television on a basis which will benefit only the people in the metropolitan areas of Montreal and Toronto. When people who are capable of undertaking such a development are willing to risk their own money in it, without cost to the people of Canada, for the life of me I cannot see any sense or logic in denying them that opportunity, providing always—and there is general agreement on this—that the public interest is protected.

I am not going further tonight into this whole question of whether the C.B.C. ought to be permitted to continue as both competitor and regulator or, as it has been put in this house before, as judge and policeman as well as a party to the cause before it. I hope that very early in the next session an opportunity will be afforded parliament to undertake, by means of a committee, a study of this and of many other questions that have been developing since the last special committee of this house on radio broadcasting sat. It seems to me that is a matter of the highest importance. One might have hoped that the report of the Massey commission would be available early next session. If that should not prove possible, however, I submit that the House of Commons cannot wait. These questions I have referred to, particularly the matter of television, are much too important to be left in abeyance any longer.

Mr. Benidickson: I do not intend to oppose this item for the international radio service, though I am far removed from the metropolitan areas that have been referred to, which benefit from very lavish expenditures made through the C.B.C. in respect to such fancy things as television. I do want to remind the minister, however, that northern Ontario has been badly neglected by the C.B.C. with respect to radio service. Vast areas in that part of the country are receiving no benefits whatever from the payment of their licence fees, nor are they getting any service from the C.B.C. or the government. If from its revenues the broadcasting corporation cannot look after those sections which are rather sparsely populated, and which were assured of service in the Aird report which was the basis for the development of the C.B.C., then the time is coming when these more remote areas will have to vigorously insist that no more money be channelled through the C.B.C. for such fancy things as television and an international radio service.

I would hope the minister might be able to give us some assurance that if the C.B.C. cannot find the money to provide this service, some other funds might be provided through his department or the Department of Transport to meet the cost of providing repeater stations in northern Ontario. Practically all the pockets of population in that area are on the transcontinental railway lines. These railway lines have telegraph lines which carry practically all the programs to western Canada, and those programs should be tapped for the benefit of these areas. If the C.B.C. is not prepared to do that, as they say they are not—and they have been resisting our requests for many years—I think a general vote of this house should provide for radio service in that part of the country, as was promised years ago when the conception of public ownership was first developed. At that time it was said that unless there was public ownership alongside private ownership, only in the highly commercial areas would we have adequate service.

Mr. Coldwell: I should like to join with the hon. member for Eglinton in expressing the hope that a radio committee will be established early next year, but perhaps from a different point of view. I know we cannot discuss radio broadcasting under this item, but I do want to say I think the radio committee should be appointed in order that the people of Canada may get a proper perspective regarding the corporation, the work the international broadcasting station is doing, and the work of the C.B.C. in general across the country. When I look back over the years I often look at the members of the official opposition and recall the speeches made by the late Right Hon.

R. B. Bennett. He would not have agreed with the opinions expressed tonight by the hon. member for Eglinton.

Mr. Lennard: How do you know that? This is a different day and age.

Mr. Coldwell: I have read his speeches.

Mr. Lennard: But that is all on ice now.

Mr. Coldwell: If the hon. member wants to make a speech, let him do so. I am just referring—

Mr. Lennard: I am just checking up on you.

Mr. Coldwell: I would prefer that to be done by someone who can check up, rather than merely interrupt. It seems to me this committee should be set up in order that the public may be informed as to the services rendered by the broadcasting corporation and the extent to which that corporation has permitted private stations to contravene the broadcasting act and the regulations as approved both by the corporation and by parliament. As far as the stations in this country are concerned today, I think the people are getting thoroughly tired of the amount of soap and other advertising that goes on hour after hour, and the spot announcements that interrupt the programs every few minutes. I think we should look into the revenues of these private stations again, to see what they are actually making out of the monopoly the country grants them by way of wave length, because the possession of a wave length is the only monopoly there is in connection with radio. No one else can use a wave length that has been granted to a private station; therefore that station is given a monopoly.

It is said that these stations are operating without cost to the public, but in fact the cost is enormous when you consider the amounts people pay the advertisers for their products, against which the cost of broadcast advertising is of course charged. I think, too, the committee should go into the question of television, because that can be both a benefit and a menace, particularly to the small businessman and the small manufacturer in the country. The cost of television programs will be tremendous, and the propaganda and advertising effect of the programs going into the homes of the people can be tremendous as well. If hon. members would just think it through they would realize the extent to which monopolies could be built up in our country through this great new facility.

As far as the international service is concerned, I believe the station and the expenditures on that station have been justified as the years have gone by. It is good, I think, that a powerful station in North America, and in one of the smaller countries such as Canada, if I may use that term, should be able to speak to the people of Europe who are not able to get information from the outside world and who can enjoy the programs that are transmitted across the iron curtain from one of the democratic countries which is not a great power, and therefore has no axe to grind, as might be the case with a great power. However, I do not want to go into the question of radio broadcasting tonight. I do think, however, there should be a committee set up to consider broadcasting in general, and particularly to find out why the C.B.C. has departed from the act, for example, in establishing private stations of 50,000 watts power. This was never contemplated by parliament at the time the act was passed. I believe a local community station can perform a local service, but I do not think it should be allowed to obtain a coverage that can blot out many of the other community stations, and interfere with the very basis of our broadcasting act.

I am anxious to look into one or two of these features critically, to ascertain why it is that the regulations and the act have been varied by the broadcasting corporation in cases of that kind.

Mr. Drew: Are the staff or the performers of the international short wave broadcasting station being screened by the R.C.M.P. at the present time?

Mr. McCann: Yes, they are.

Mr. Drew: Can the minister tell us how many of the members of the staff or performers are at present not actively engaged until that screening has been completed?

Mr. McCann: They are all active.

Mr. Drew: Is it not correct that the screening which is taking place is being conducted in connection with a suggestion that there has been certain broadcasting conveyed to European countries, which was not in accordance with the purpose of setting up this station?

Mr. McCann: I am informed that the answer is no.

Mr. Stewart (Winnipeg North): Do I understand that one who has been commissioned to read a talk over the short wave broadcasting station is being screened?

Mr. McCann: The answer to the hon. gentleman's question, Mr. Chairman, is that the topic and the script are screened most carefully. In some instances, the person who is

delivering the talk is screened also; but there would be no reason to screen a musician in the employment of the international short wave station.

Mr. Stewart (Winnipeg North): The minister said that the performers are being screened. Those who are taking part in the programs are not in any confidential position. Where is the screening going to stop? Who screens the screeners?

Mr. Murray (Cariboo): May I ask the minister if a further appropriation will be made for school broadcasts in British Columbia? That service has been doing wonderful work in the rural areas, particularly in northern British Columbia. I understand some money is provided for that?

Mr. McCann: That question is entirely out of order, Mr. Chairman. We are not dealing with the C.B.C. at all, except in so far as they manage this international short wave station.

Mr. Stewart (Winnipeg North): I want to know more about this screening. Who is being screened, and by whom are they being screened? What is the purpose in it? Is a person who sings over the air one who must be screened? Is there some mysterious inflection in the voice, or what is it?

Mr. McCann: The permanent members of the staff are being screened.

Mr. Stewart (Winnipeg North): Not all those who are participating in programs?

Mr. McCann: No; I would point out that there would be no object in screening somebody who was playing the violin.

Mr. Stewart (Winnipeg North): Are the members of the staff regarded as being in a confidential position? Let us say an engineer; is he in a confidential position?

Mr. McCann: Except for the head of the division and his assistants, they are not in confidence.

Mr. Drew: I believe this should be clarified somewhat. It is obvious that there would be no occasion to screen violin players, acting as violin players, or shall we say a piper. But it is quite obvious that the screening was not directed to that. There would be a particular group who would be screened under circumstances of this kind, and I believe the minister is aware there is a particular group being screened. It consists of those who are making broadcasts by voice, and who are in a position to convey information to countries beyond the iron curtain. I do not think the minister will question the fact that there has been screening going on in regard to that for some time. Has the minister received an interim report, or any kind of report in regard to what has been found?

Mr. McCann: No, I have had no report at all. In any event, the report would not come to me.

Mr. Drew: There is no mystery about this. The minister has admitted that screening has been going on for some time. Those who are broadcasting by voice are being screened because of the fact they are in a position to communicate messages to areas that are not regarded as areas to which we would want certain messages to go. If the screening has been continuing for some time, as the minister has stated, then it seems that by now there should be some report, unless those who are under examination are not broadcasting.

Mr. McCann: The report, in the first instance, would be made to the chairman of the board of governors of the C.B.C. and the general manager. To date, there has been no report that would call for any positive action.

Item agreed to.

International short wave broadcasting station—

306. Acquisition and alteration; equipment, land and structures, including supervision, $971,250.

Mr. Drew: This item deals with the same subject, but I do want to point out why it is essential that a committee on broadcasting be set up at the beginning of the next session. In the earlier session this year, I received an assurance that that would be done. During this session we have not pressed the matter because of a statement that was made that this was regarded, although a session of a new parliament, largely as a continuation of the session that started last spring.

What has just been admitted is an indication of the reason why there should be a committee set up, and set up almost immediately after the next session begins, so that there can be an examination of this whole subject. In this case, $2,700,000 is being spent on this one operation under the direction of the Canadian Broadcasting Corporation. By the very nature of the activities it carries out, it could be a vehicle for the communication of messages which might be dangerous to the security of the state. The screening is being carried out, as has been admitted, with a recognition of that fact. It was only by questioning that this came out, and it was only by questioning at this moment that it was admitted there is some reason for screening in that particular case.

When I press for a report, it is stated that the report would not come to the minister, but would go to the chairman of the Cana-

dian Broadcasting Corporation. It is this uncertainty as to who has the information, when they get it—which was apparent in another case—that emphasizes the need for committees which can go to the root of the matter. A committee can ascertain what is being done in those branches of a department which, as agencies of government, are spending large sums of public money without direct supervision from any minister or deputy minister, but under direction of a public body. I can only repeat that because of what has been admitted now, with the admission on top of that, that the minister does not know what has happened in regard to screening that has been carried on for some time in regard to what could easily be an agency of highly improper activity, we see why it is so necessary that we start a complete examination of the whole activity of the Canadian Broadcasting Corporation as soon as we meet in the next session.

Item agreed to.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow I understand there will be two small amendments to one bill that has come back from the Senate. That will be the first item.

Mr. Coldwell: What bill is that?

Mr. Fournier (Hull): It is the Fish Inspection Act. There are two minor amendments. Then we shall move to go into committee of supply and take up reconstruction and supply, justice, external affairs, post office, health and welfare, mines and resources, transport and veterans affairs.

Mr. Coldwell: In that order?

Mr. Fournier (Hull): For the first four items, in that order.

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

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

DEPARTMENT OF FISHERIES

101. Departmental administration, $360,900.

102. Fisheries inspection, including fishery officers and guardians; fisheries patrol and protection services, $2,983,000.

103. Educational extension service, including grant of $3,000 to Lunenburg fisheries exhibition, $190,000.

104. Fish culture development, $693,400.

105. Oyster and clam culture, $73,700.

Fisheries research board of Canada—

106. Operation and maintenance, $1,132,040.

107. Construction and improvements, $181,800.

108. To provide for Canadian share of expenses of the international fisheries commission appointed under treaty dated January 29, 1937, between Canada and the United States for the preservation of the North Pacific halibut fisheries, $35,000.

109. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission appointed under treaty dated May 26, 1930, between Canada and the United States for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser river system, $169,500.

110. To provide for Canadian share of expenses of the international Pacific salmon fisheries commission to overcome obstructions to the ascent of sockeye salmon at Hell's gate canyon and for investigating and overcoming obstructions to such salmon at other points on the Fraser river watershed (revote), $150,000.

111. To provide for transportation, dressing and dyeing and other expenses incidental to receiving and disposing of fur seal skins accruing to Canada pursuant to provisional fur seal agreement between Canada and the United States by exchange of notes dated December 26, 1947, $550,000.

112. To provide for the destruction of harbour seals, $30,000.

Special—

113. To provide for the extension of educational work in co-operative producing and selling among fishermen, $80,000.

114. To provide for the administration expenses of the Fisheries Prices Support Act, 1944, $170,000.

115. To provide for assistance in the construction of vessels of the dragger and/or long liner type, subject to such terms and conditions as may be approved by the governor in council, $100,000.

116. To provide for assistance in the construction of bait freezing and storage facilities, subject to the approval of the governor in council, $100,000.

117. To provide for investigation into transportation and storage facilities in wholesale and retail handling of fish and fish products, $25,000.

674. Fisheries inspection, including fishery officers and guardians, fisheries patrol and protection services—further amount required, $241,400.

Fisheries research board of Canada—

675. Operation and maintenance—further amount required, $239,135.

676. To provide for administration expenses of Newfoundland fisheries board, $353,900.

677. To provide for maintenance and extension of bait service, $408,400.

786. Operation and maintenance—further amount required, $27,500.

787. Construction and improvements—further amount required, $100,000.

788. To provide for Canadian share of expenses of the international whaling commission, appointed pursuant to the international convention for the regulation of whaling, dated at Washington, December 2, 1946, $500.

Special—

789. Amount required to recoup the fisheries prices support account, to cover the net operating loss of the fisheries prices support board during the fiscal year 1948-49, $538,989.

790. To provide for assistance in meeting transportation costs on frozen herring purchases in British Columbia by persons, associations or companies, for bait in the 1948-49 winter fishery off Nova Scotia, $25,350.

DEPARTMENT OF NATIONAL REVENUE

A—Department—Customs and excise divisions—

296. General administration, $1,506,165.

297. Inspection, investigation and audit services, $2,198,195.

298. Ports, outports and preventive stations, including pay for overtime, notwithstanding anything in the Civil Service Act, and buildings and rentals for temporary purposes, $14,581,241.

299. To provide for payment of expenses, law costs, refunds and awards arising out of seizures and charges of contravention of customs or excise laws, $300,000.

Taxation division—

300. General administration, $1,983,384.

301. Internal inspection and verification, $1,412,260.

302. District offices, $27,745,888.

Income tax appeal board—

303. Administration expenses, $50,000.

Miscellaneous—

304. Amount to be paid to the Department of Justice to be disbursed by and accounted for to it for customs, excise and income tax secret investigation services, $15,000.

Customs and excise divisions—

697. Ports, outports and preventive stations, including pay for overtime, notwithstanding anything in the Civil Service Act, and buildings and rentals for temporary purposes—further amount required, $115,000.

Taxation division—

698. District offices—further amount required, $173,680.

B—International shortwave broadcasting station—

305. Maintenance and operation, $1,781,850.

306. Acquisition and alterations—equipment, land and structures, including supervision, $971,250.

A—Department—Customs and excise divisions—

844. Ports, outports and preventive stations, including pay for overtime, notwithstanding anything in the Civil Service Act, and buildings and rentals for temporary purposes—further amount required, $625,000.

B—General—International shortwave broadcasting station—acquisition and alterations—

845. Equipment, land and structures, including supervision—further amount required, $687,681.

Canadian Broadcasting Corporation—

846. To provide the Canadian Broadcasting Corporation with funds approximately equal to the sum of the value at Canadian rates of the radio receiving set licences issued by Newfoundland prior to the date of union which were made valid until March 31, 1950, and the value of the reserves established by the Newfoundland Broadcasting Corporation out of previous revenue for the depreciation, obsolescence, replacement and expansion of the physical assets of that corporation taken over by the government of Canada under the terms of union; and further, to provide authority for the transfer to the Canadian Broadcasting Corporation of the title to all assets of the Newfoundland Broadcasting Corporation taken over by the government of Canada, $200,000.

934. Loans to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the governor in council on such terms and conditions as the governor in council may determine and to be applied in payment of expenditures to cover capital costs of television installations and to support the development of the service. Such loans, with interest, shall be a charge on the revenues of the Canadian Broadcasting Corporation next after the charge imposed under the provisions of section 17 of the Canadian Broadcasting Act, 1936, $4,500,000.

HOUSE OF COMMONS

Wednesday, December 7, 1949

The house met at eleven o'clock.

FORAGE PLANTS

H. M. GUILLAT NAMED CRESTED WHEAT GRASS KING AT CHICAGO GRAIN AND HAY SHOW

Mr. A. J. Bater (The Battlefords): I rise on a question of privilege, Mr. Speaker. It is a pleasure to announce that Mr. H. M. Guillat, a farmer in the North Battleford district, was crowned international crested wheat grass king at the international grain and hay show recently held at Chicago.

Mr. Guillat has been recognized as a progressive farmer for many years, and has won high honours previously in various shows, both in the district and farther afield.

CANADIAN BROADCASTING CORPORATION

REFERENCE TO CONSIDERATION OF ESTIMATES IN COMMITTEE OF SUPPLY ON DECEMBER 6 —TELEVISION ITEM

Mr. Donald M. Fleming (Eglinton): On a question of privilege, Mr. Speaker, yesterday's *Votes and Proceedings* No. 60 contains what I believe is a serious mistake on page 345. Among the items of estimates reported to have been adopted in the committee of supply is No. 934, an item which reads in part:

Loans to the Canadian Broadcasting Corporation repayable with interest—to cover capital costs of television installations and to support the development of the service, $4,500,000.

I believe that is a mistake in *Votes and Proceedings,* because I certainly did not hear that item called. I was following the proceedings closely, and it was just at eleven o'clock. I have asked my colleagues around me if they heard the item called, and they did not hear it.

Mr. Speaker: Order. The hon. gentleman has stated his question of privilege, and it occurs to me he might bring up the matter when the house is in committee of supply.

STEAMSHIP SERVICES

ANNOUNCEMENT OF CONSTRUCTION OF CAR FERRY TO OPERATE BETWEEN YARMOUTH, N.S., AND THE STATE OF MAINE

Hon. Lionel Chevrier (Minister of Transport): Mr. Speaker, for a great number of years there has been a regular steamship service between Yarmouth, Nova Scotia, and a point in the eastern United States, providing an essential transportation link between the southern part of Nova Scotia and the northeastern United States. Recent announcements indicate the possibility of abandonment of this service and the company operating such service can no longer give any assurance that it will be continued.

This situation has caused considerable concern both to the federal government and the government of the province of Nova Scotia. If Nova Scotia is deprived of direct water communication with the east coast of the United States it will cause considerable damage to her economy especially in relation to the tourist trade which brings in to Nova Scotia annually many thousands of dollars.

At the present time the S.S. *Yarmouth* operates between Yarmouth and Boston during the summer months making three trips per week. She is a vessel of 5,000 gross tons, with capacity for 500 passengers, 800 tons of freight, and 45 automobiles. It is felt that if this vessel is going to discontinue the service, some method should be found to increase the number of tourist cars which may be carried to Nova Scotia during the summer season. Both governments likewise feel that the situation cannot be left in a state of uncertainty, and that the tourist traffic into Nova Scotia should not only be maintained but increased.

I am therefore pleased to announce that it has been decided to build a vessel which will not only be adequate to carry the present traffic but which will serve to increase the tourist trade between Nova Scotia and the United States. The proposed vessel will be a fast modern car ferry with a capacity for about 200 cars and about 1,000 passengers. The service will be based on Yarmouth, and will operate between that port and a port in the eastern United States. Being a modern vessel it will offer facilities considerably better than those now available at a much cheaper cost to tourists and more in line with present and anticipated needs.

Officials of both governments are actively engaged on the project and plans are now under way for the design and construction of the ferry in a Canadian shipyard at an estimated cost of $3 million. The federal government and the province of Nova Scotia

will share equally in this cost, the share of Nova Scotia being limited to not more than $1,500,000.

It is expected that construction of the vessel will be completed in time for the 1951 tourist season.

Mr. Brooks: May I ask whether any consideration has been given to the service between Saint John and Boston, which was operated for many years but has been discontinued?

Mr. Chevrier: This statement of course deals with one thing only. The matter to which my hon. friend refers will be given consideration in due course.

Mr. Fraser: I should like to ask the minister if he will give the same consideration to the car ferry service between Rochester and Cobourg.

Mr. Speaker: Order. I would call the hon. member's attention to the fact that this statement is not debatable. Questions directly relating to it are allowed, but I would ask hon. members to make their questions brief and relevant.

Mr. Black (Cumberland): May I ask the minister whether any provision is being made for service between Nova Scotia and Maine for the season of 1950? I would also ask him whether consideration is being given to renewal of the direct service from New York to Nova Scotia.

Mr. Speaker: Order. I cannot allow questions of that kind.

Mr. Black (Cumberland): May we have an answer to the first question, whether any provision is being made for the 1950 service?

Mr. Chevrier: I think that question should be answered, Mr. Speaker. The maritime commission is now in consultation with the present operators, and it is hoped that provision will be made for operation during the 1950 season.

Mr. Hatfield: The minister mentioned 200 cars. Did he mean automobiles, or railway cars?

Mr. Chevrier: It is obvious that this is not a railway car ferry, but a passenger and automobile car ferry.

Mr. Hatfield: It should be.

Mr. Black (Cumberland): One other question, if you will permit it, Mr. Speaker. Who will operate this service? Will it be operated by the Canadian National Railways or by the respective governments?

Mr. Chevrier: That matter has not yet been decided. It is being considered at the moment.

[Mr. Chevrier.]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

FREIGHT RATES—LIVESTOCK

Mr. Weir:

1. Have the railway companies granted a special freight rate lower than the general tariff in the movement of purebred livestock and the movement of livestock to fairs and exhibitions?
2. If so, what was the relationship between the said special rate and the regular tariff rates?
3. Does the federal government contribute to the freight cost of shipping (a) purebred livestock; (b) livestock moving to fairs and exhibitions?
4. If so, on what basis and to what extent?
5. Has notice been given to the effect that the railways are urging the discontinuance of the said special rate on the movement of (a) registered livestock; (b) livestock moving to fairs and exhibitions?
6. Has any department of government taken any steps towards retaining the special freight rate on the movement of (a) registered livestock; (b) livestock to fairs and exhibitions?
7. If so, what actions were taken?

Mr. Gibson (Hamilton West):

1. Yes.

2. There is no uniform relationship between the so-called special rates and the regular tariff rates. To answer this question more precisely it would be necessary to know the number and kind of animals involved, and the points between which they are moving. It would then entail some considerable time to work out the relationship between the regular rate and the special rate.

In general, however, the following applies:

A. Purebred livestock: (1) Within western Canada—one half regular tariff rates subject to certain exceptions. (2) Within eastern Canada—one half standard mileage tariff rates, less carload only. (3) Between western and eastern Canada—approximately one half regular tariff rates on carloads, and one half first class rate, minimum weight 6,000 pounds per shipment for less carload.

B. Exhibition livestock: Where the movement to one exhibition and return is involved in western Canada, the full tariff rate to the exhibition point is charged and the return movement is free. Within Ontario and Quebec the going and returning rate is 60 per cent of the regular rate. Between eastern and western Canada the western basis applies. Where more than one exhibition is involved, the over-all rates from the original shipping point back to the same point are adjusted by reductions of from 40 to 50 per cent.

3. (a) No. (b) Yes, to the Royal Agricultural winter fair only.

4. Each provincial government, excepting Ontario, pays the freight on livestock moving from the province to the Royal Agricultural

winter fair. The Department of Agriculture of Canada reimburses the provinces to the extent of 75 per cent of the freight paid. The amount of this expenditure is approximately $10,000 per year.

5. (a) Yes. The tariffs applicable were cancelled June 1, 1949, upon full statutory notice. (b) Yes. The tariffs applicable are to expire December 31, 1949, unless sooner cancelled, changed or extended.

6 and 7. Yes. Officers of the Department of Agriculture have assisted livestock associations in preparing briefs which were submitted to the railway companies by breed associations. The Minister of Agriculture has written the presidents of both railway companies supporting the representations of the breed associations.

MIGRATORY BIRDS CONVENTION ACT—CONVICTIONS FOR VIOLATION

Mr. Catherwood:

1. Has the Department of Mines and Resources a record of convictions for violation of the Migratory Birds Convention Act for the nine months ending September 30, 1949?
2. If so, what is the total number of convictions and what amount was collected in fines?

Mr. Maybank:

1. Yes.

2. Thirty-five convictions, and the amount of $420 collected in fines.

LIBRARY OF PARLIAMENT—STAFF

Mr. Gagnon:

1. Has the staff of the library of parliament been increased during the present session?
2. If so, by how many persons?
3. What are the (a) names; (b) places of birth; (c) salaries of the said employees?

Mr. St. Laurent:

1. No.

2. Answered by No. 1.

3. Answered by No. 1.

COAL—SHIPMENTS FROM HIGHWOOD AREA, ALTA.

Mr. Hansell:

How many tons of coal have been shipped to eastern Canada from what is known as the Highwood area, lying southwest of Calgary, during 1947, 1948 and as late in 1949, as records show?

Mr. McIlraith: In 1947 there were no shipments of coal to eastern Canada from the Highwood area in Alberta. In 1948 and 1949 one company in this area made shipments to Ontario.

Since only one company is involved, the tonnage figures cannot be released, in accordance with the Statistics Act.

*NATIONAL FILM BOARD—ASSIGNMENTS IN UNITED STATES

Mr. Stewart (Winnipeg North):

1. Have any employees of the national film board been engaged, as such, in activities in the United States?
2. If so, where?
3. What was the nature of the assignment or assignments?
4. On whose request were the activities undertaken?

Mr. Winters: The question in the form in which it appears on the order paper is quite general, and I doubt whether it would be possible to give the hon. member information that would be of value to him. I have discussed the matter with him, and I understand that he has agreed to drop the question in this form, on the understanding that if he reframes it in a more specific way, I shall be pleased to try to answer it.

Mr. Speaker: Dropped.

Mr. Stewart (Winnipeg North): I can reframe the question now, Mr. Speaker, and the minister may answer it later if he cannot do so immediately. Have employees of the national film board been in the United States recently for the purpose of making films of atomic energy plants or installations?

Mr. Winters: The answer is that employees of the film board have been filming work in the United States recently on radioactive isotopes for use in connection with cancer research. The work was done jointly at the request of the Department of National Health and Welfare, in Canada, and, as I understand it, in the United States by the Medical Film Institute, which is an agent for the American Association of Medical Colleges.

BOARD OF TRANSPORT COMMISSIONERS

Mr. Kirk (Antigonish-Guysborough):

1. How many members are there on the board of transport commissioners?
2. What are their names, present and former addresses?
3. Who is the chairman?
4. By whom are they appointed?
5. For how long are they appointed?
6. What are their respective salaries, or remuneration, and expense allowances?
7. Are there any vacancies at present?

Mr. Chevrier:

1. Six.

2. Hon. Mr. Justice Archibald, at present, Ottawa, Ont.; formerly, Halifax, N.S.; Hugh Wardrope, at present, Ottawa, Ont.; formerly, Hamilton, Ont.; A. Sylvestre, K.C., at present, Ottawa, Ont.; formerly, Chicoutimi, Que.; F. M. MacPherson, at present,

Ottawa, Ont.; formerly, Cranbrook, B.C.; H. B. Chase, C.B.E., at present, Ottawa, Ont.; formerly, Montreal, Que.; W. J. Patterson, at present, Ottawa, Ont.; formerly, Regina, Sask.

3. Hon. Mr. Justice M. B. Archibald, chief commissioner.

4. Governor general in council.

5. Statutory period of ten years.

6. Chief commissioner, $15,000 ($3,000 by the board; $12,000 by Department of Justice); assistant chief commissioner, $12,000; deputy chief commissioner, $10,000; commissioners, $10,000 each and expenses as authorized by treasury board.

7. No.

CANADIAN MARITIME COMMISSION

Mr. Kirk (Antigonish-Guysborough):

1. How many members are there on the board of the Canadian maritime commission?
2. What are their names, present and former addresses?
3. Who is the chairman?
4. By whom are they appointed and what was the date of appointment of each member?
5. For how long are they appointed?
6. What are their respective salaries, or remuneration and expense allowances?
7. Are there any vacancies at present?

Mr. Chevrier:

1. Three.

2. J. V. Clyne, 445 Queen street, Ottawa, Ont.; 3738 Angus drive, Vancouver, B.C. L. C. Audette, 226 MacLaren street, Ottawa, Ont. Angus McGugan, 331 MacLaren street, Ottawa, Ont.; 6881 Monkland avenue, Montreal, P.Q.

3. J. V. Clyne.

4. Governor in council. J. V. Clyne, November 1, 1947; L. C. Audette, November 1, 1947; Angus McGugan, July 15, 1948.

5. J. V. Clyne, five years; L. C. Audette, four years; Angus McGugan, for the unexpired term of his predecessor, H. J. Rahlves (resigned), which was for three years from November 1, 1947.

6. J. V. Clyne, $12,000 per annum, and expenses as authorized by treasury board; L. C. Audette, $10,000 per annum, and expenses as authorized by treasury board; Angus McGugan, $10,000 per annum, and expenses as authorized by treasury board.

7. No.

CANADIAN NATIONAL RAILWAYS—DIRECTORS

Mr. Kirk (Antigonish-Guysborough):

1. How many Canadian National Railways directors are there?
2. Are they regional appointments?
3. What is the name, present and former address of each?
4. Who is the chairman?
5. By whom are they appointed and what is the date of each appointment?
6. For how long is each appointed?
7. What is the salary or remuneration and expense allowance of each?
8. Are there any vacancies at present?

Mr. Chevrier:

1. Seven.

2. No.

3. R. C. Vaughan, present address, Montreal, P.Q.; former address, Montreal, P.Q. (Mr. Vaughan will be succeeded by Mr. Donald Gordon whose appointment as a director and chairman of the board commences January 1, 1950). R. B. Brenan, present address, Saint John, N.B.; former address, Saint John, N.B. B. L. Daly, present address, Montreal, P.Q.; former address, Winnipeg, Man. W. J. T. Gagnon, present address, Montreal, P.Q.; former address, Montreal, P.Q. J. A. Northey, present address, Toronto, Ont.; former address, Toronto, Ont. W. J. Parker, present address, Winnipeg, Man.; former address, Winnipeg, Man. H. J. Symington, present address, Montreal, P.Q.; former address, Montreal, P.Q.

4. Mr. R. C. Vaughan is the chairman and will be succeeded by Mr. Donald Gordon on January 1, 1950.

5. The directors are appointed by the governor in council. The date of each appointment is as follows: R. C. Vaughan, October 1, 1945; R. B. Brenan, October 1, 1949; B. L. Daly, October 1, 1947; W. J. T. Gagnon, October 1, 1948; J. A. Northey, October 1, 1948; W. J. Parker, November 1, 1949; H. J. Symington, October 1, 1947.

6. Three years.

7. $5,000 per annum, and out-of-pocket expenses.

8. No.

INTERNATIONAL JOINT COMMISSION

Mr. Kirk (Antigonish-Guysborough):

1. How many members are on the international joint commission?
2. What are their names, present and former addresses?
3. Who is the chairman?
4. What are the salaries or remuneration and expense allowances of (a) the chairman; (b) other members?
5. For how long is each appointed and on what date was each appointment?
6. By whom are they appointed?
7. Are there any vacancies at present?

Mr. Pearson:

1. The international joint commission comprises two sections, the United States section and the Canadian section. Each section comprises three members. The answers which follow refer to the Canadian section of the international joint commission.

2. The Hon. J. Allison Glen of Ottawa, formerly of Russell, Manitoba; Mr. George Spence of Regina.

3. The Hon. J. Allison Glen.

4. (a) Salary: $7,500 per annum; allowances granted to cover expenses incurred in the course of duty as commissioner; (b) Salary: $7,500 per annum; allowances granted to cover expenses incurred in the course of duty as commissioners.

5. The chairman and members are appointed during pleasure; the Hon. Mr. Glen was appointed on December 23, 1948; Mr. George Spence was appointed on October 1, 1947.

6. By the governor in council upon the advice of the Prime Minister.

7. Yes, one.

UNEMPLOYMENT—NOVA SCOTIA AND NEW BRUNSWICK

Mr. Hatfield:

What is the number of unemployed registered at each unemployment office in the provinces of Nova Scotia and New Brunswick?

Mr. Cote (Verdun-La Salle):

Local office	Total	Male	Female
Nova Scotia			
Amherst	430	343	87
Bridgewater	487	451	36
Halifax	4,089	3,244	845
Kentville	679	549	130
Liverpool	316	293	23
New Glasgow ...	1,248	1,076	172
Springhill	203	179	24
*Sydney	2,527	1,964	563
Truro	567	442	125
Yarmouth	1,079	900	179
New Brunswick			
Bathurst	787	713	74
Campbellton	691	590	101
Edmundston	752	661	91
Fredericton	751	542	209
Minto	318	269	49
Moncton	2,246	1,577	669
Newcastle	916	790	126
Saint John	3,118	2,570	548
Woodstock	341	290	51
St. Stephen	813	497	316
Sussex	203	185	18

*Including branch offices.

MUNICIPAL IMPROVEMENTS ASSISTANCE ACT

Mr. Beyerstein:

1. Is the Municipal Improvements Assistance Act still in operation?

2. If not, when was it suspended and by what authority?

3. If the act has been suspended, has the government given any consideration to the reopening of the act? If so, when can an announcement be expected?

4. How many municipalities in Alberta have been assisted under this act during each of the years since its operation?

5. What was the amount of assistance to each municipality?

Mr. Belzile:

1 and 2. The Municipal Improvements Assistance Act was passed as an unemployment relief measure during the depression of the thirties when the fact that unemployment was so widespread and severe as to partake of the nature of a national emergency was felt to justify the government of Canada making loans on a subsidized basis to finance strictly municipal projects. As the primary aim was to relieve unemployment, one section of the legislation provided that the governor in council "may at any time fix and determine a date after which no loans shall be made to any municipality under this act". As unemployment lessened and tended to disappear following the outbreak of war, operations under the act ceased and no loans under it have since been made.

3. It is not the practice to announce government policy in answers to questions.

4 and 5. Edmonton, $228,878.85; Lethbridge, $100,000; Calgary, $225,000; Claresholm municipal hospital district, $28,000; Drumheller, $8,376; Grande Prairie, $100,000; Hanna, $100,000; Red Deer hospital district $55,000; Stettler, $7,000; Vegreville, $10,000; Wetaskiwin, $26,000.

INDUSTRIAL DEVELOPMENT BANK—LOANS TO INDUSTRY

Mr. Brooks:

1. What amounts were loaned by the Industrial Development Bank to industry in the various provinces of Canada?

2. What were the number of applications for loans, with the amounts involved, according to provinces?

3. How many were granted and how many were refused?

Mr. Belzile:

1. From November 1, 1944, to September 30, 1948, gross amount of loans, investments and guarantees authorized (less cancellations and reductions in amounts authorized):

Prince Edward Island, $39,000; Nova Scotia, $681,900; New Brunswick, $823,500; Quebec, $11,733,250; Ontario, $11,676,664; Manitoba, $1,508,684; Saskatchewan, $268,800; Alberta, $2,251,864; British Columbia and Territories, $4,357,612.

2 and 3. Details of applications by provinces are not of government record. For Canada as a whole, the information is as follows:

From November 1, 1944, to September 30, 1948, applications received, 1,640; applications granted, 586; applications refused, 519;

applications withdrawn, 535. Amounts relating to the above applications not of government record, except as to applications granted which totalled (before cancellations and reductions) $39,027,624.

QUESTIONS PASSED AS ORDERS FOR RETURNS

IMMIGRATION—TRANSFER OF DEPARTMENTAL PERSONNEL TO TORONTO AND MONTREAL

Mr. Lennard:

1. How many civil service employees of the Department of Mines and Resources, immigration branch, have been, or are being moved to Toronto and Montreal, during the next several months?
2. Of these, how many (a) are veterans; (b) are married; (c) are permanent civil servants; (d) since being posted have applied for transfer; (e) transfers have been granted; (f) who applied for transfer, have been discharged; (g) are home owners?
3. Have any of these persons homes under the Veterans Land Act?
4. If so, are their interests being protected, and in what way?

Mr. Gibson (Hamilton West): Return tabled.

NEWFOUNDLAND—MARINE SERVICES

Mr. Higgins:

1. Have requests been made for marine services, such as wharves, slipways and breakwaters, in the province of Newfoundland?
2. If so, by whom and on what dates?
3. For what locations?

ASSISTANT CHIEF ELECTORAL OFFICER

Mr. Kirk (Antigonish-Guysborough):

1. Was a vacancy created by the recent promotion of Mr. Nelson Castonguay to the position of chief electoral officer?
2. Was the position of assistant chief electoral officer advertised?
3. If so, when and how?
4. How many applications were received?
5. What were the names and addresses of the applicants?
6. What were the marks or ratings received in each case?
7. Who makes the appointment?
8. For how long is the appointment?
9. What is the salary or remuneration and expense allowance?
10. If appointment has already been made, who received same?

Mr. Gibson (Hamilton West): Return tabled.

PRAIRIE FARM REHABILITATION, SASKATCHEWAN —EMPLOYEES

Mr. Argue:

1. What are the names and addresses of all persons employed under the Prairie Farm Rehabilitation Act in Saskatchewan during the year 1948?
2. What sum of money was paid to each person as (a) salary or wages; (b) sustenance; (c) mileage; (d) other allowances?
3. At what rate are (a) salaries or wages; (b) sustenance; (c) mileage; (d) other allowances paid to common labour, foremen, all other employees, under this act?

[Mr. Belzile.]

PRAIRIE FARM REHABILITATION, SASKATCHEWAN —EMPLOYEES—FOREMEN

Mr. Argue:

1. What are the names and addresses of all persons employed at any time during 1949, as foremen, on Prairie Farm Rehabilitation Act projects in Saskatchewan?
2. What amount of wages or salary has been paid to each of these persons during 1949?
3. Have any of the persons named in reply to question No. 1 received any other payments out of government funds, in addition to their salary or wages on the above-noted projects during 1949? If so, what is the nature of such other payments?

ELECTRIC POWER

DEVELOPMENT ON NIAGARA AND ST. LAWRENCE RIVERS

On the orders of the day:

Mr. T. L. Church (Broadview): Does the Secretary of State for External Affairs care to make a statement on the power development on the Niagara river and the St. Lawrence river?

Hon. L. B. Pearson (Secretary of State for External Affairs): I am in a position, Mr. Speaker, to make a short statement at this time concerning the use of water from the Niagara river for the generation of hydro-electric power. At the suggestion of the United States government a group of Canadian experts are going to Washington to explore in an informal way with their opposite numbers there the possibility of amending article V of the Boundary Waters treaty of 1909 with respect to the use of water from the Niagara river for power generation. At the same time, they will consider how the scenic beauty of Niagara falls and river can best be protected and enhanced. These informal talks will begin tomorrow, December 8.

I am happy to be able to state that the Canadian party will include, in addition to federal officials, representatives of the Hydro Electric Power Commission of Ontario, headed by Mr. Robert H. Saunders, chairman of the commission, and the Hon. Charles Daley, chairman of the Niagara parks commission.

Article V of the Boundary Waters treaty of 1909 authorized a diversion above Niagara falls of 56,000 cubic feet of water per second to be divided between the United States and Canada. Additional diversions for both countries were authorized on a temporary basis during the recent war. These temporary authorizations need to be replaced by some permanent arrangement so that new power plants may be built in Ontario and New York state. These would replace a number of inefficient plants which are now in use.

In 1926 a special international Niagara

board was set up by Canada and the United States to study the question of the preservation of the Niagara falls and river and to consider what remedial works might be needed to enhance their natural beauty. The board, in its final report, issued in 1929, made a number of recommendations, some of which have not yet been acted upon. The informal talks in Washington will provide an opportunity for consideration of any recommendations of the board which are still outstanding.

I have also been asked to say something about the joint use by Canada and the United States of the potential hydroelectric power resources of the international section of the St. Lawrence river. The most satisfactory and economical solution would be attained through ratification by the United States and Canada of the Great Lakes-St. Lawrence basin agreement of 1941, which provided for the development of that section of the St. Lawrence for navigation as well as power. In the review of external affairs which I gave the house on November 16, I mentioned some of the many mutual interests which Canada and the United States have in this great project. Because of these mutual interests, I ventured to express the hope that the United States congress would be able to take action with regard to ratification of this agreement without much further delay. That is still our hope. However, if we cannot get implementation of this agreement for the double-barrelled purpose of navigation and power, the value of the power is so great that we shall have to give very serious consideration to abandoning the navigation and starting on the power side alone.

Mr. Church: May I ask the minister a question? In view of his statement on power in the St. Lawrence and Niagara rivers, which means automatically that blackouts are coming in Ontario and in other places, how are we going to settle these matters on the seven seas if we cannot settle a domestic matter such as this with a friendly nation?

COLONIAL AIR LINES

ORDER OF AIR TRANSPORT BOARD—NOTE FROM UNITED STATES GOVERNMENT

On the orders of the day:

Mr. David A. Croll (Spadina): I wish to direct a question to the Secretary of State for External Affairs. The press of this morning carries a dispatch from Washington indicating that some representations had been made to the government with respect to Colonial Air Lines. Can the minister enlighten the house on this matter?

Inquiries of the Ministry

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, I am in a position to say something about this matter. It is true, as press dispatches indicate, that yesterday afternoon the United States ambassador left with me a note in which reference was made first to the show-cause order dated December 1, 1949, and served on the Colonial Air Lines by the Canadian air transport board; and second, to the delay surrounding Trans-Canada Air Lines application to the United States civil aeronautics board to operate the route between Montreal and New York.

In this note the government of the United States proposes discussions between representatives of our two governments, aimed at resolving the present difficulties. The Canadian government, which has not yet had an opportunity to reply formally to the note, will of course be quite willing to participate in any such discussions. The United States state department is aware that we have at all times been prepared to have intergovernmental discussions on these matters, and, in fact, discussions between officials of the two governments have been taking place recently. I personally am satisfied that in this matter the Canadian government has done everything possible to resolve the situation reasonably and fairly.

I wish to make it quite clear, Mr. Speaker, that these proposed discussions, which we shall be happy to enter into, will not in any way prejudice proceedings before the air transport board, nor prevent the board from proceeding with the hearing scheduled for December 12 next, when Colonial Air Lines will be required to show cause why the air transport board should not suspend the licence which was issued to that air line to operate the Montreal-New York route. This hearing, which will begin next Monday, is an administrative procedure within the regulations under which the air transport board operates, and will be proceeded with.

HUMAN RIGHTS

QUESTION AS TO PROCLAIMING A HUMAN RIGHTS DAY

On the orders of the day:

Mr. Alistair Stewart (Winnipeg North): I should like to direct a question to the Prime Minister. Will the government give consideration to proclaiming a day to be known in Canada as United Nations human rights day?

Right Hon. L. S. St. Laurent (Prime Minister): The government will of course give

consideration to the matter suggested, but I should not like to forecast the result of that consideration.

Mr. Stewart (Winnipeg North): May I ask a supplementary question? If the answer is in the affirmative, will the town of Dresden, Ontario, be informed of the decision?

Mr. St. Laurent: I assume that if and when the decision is reached it will be publicized in such a way that all those interested may be informed of it.

TRADE WITH BRITAIN

QUESTION AS TO BRITISH PREFERENTIAL TARIFF

On the orders of the day:

Mr. T. L. Church (Broadview): Mr. Speaker, may I ask a question of the Prime Minister? It refers to the speeches made by the Minister of Trade and Commerce (Mr. Howe) at New York last night and the one made at Brantford last Monday night by the Minister of Agriculture (Mr. Gardiner). Do these two speeches taken together represent government policy, and does it mean the end of preferential trade?

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I am afraid the hon. member will have to read the speeches and draw his own conclusions as to what they mean.

Mr. Church: That is not necessary. It means the end of both. May I say to the Prime Minister that I have no conclusions to draw except that you are hanging preferential trade on the sour apple tree alongside John Brown's body.

Mr. St. Laurent: I have never attempted to hang anything on sour apple trees.

CROWN PROPERTIES

FEDERAL GRANTS IN LIEU OF MUNICIPAL TAXES

On the orders of the day:

Mr. H. O. White (Middlesex East): I wish to direct a question to the Minister of Finance. In view of the supplementary estimates tabled yesterday, will a revision of dominion-owned properties in various municipalities be allowed, in the light of the statement as to the possibility of collecting taxes from these properties?

Hon. Douglas Abbott (Minister of Finance): I am afraid I am not too clear as to just what my hon. friend's question means, or the information that it is intended to elicit. On November 14 I made a comprehensive statement as to the government's policy with respect to grants in aid to municipalities. When the item in question is called I shall be glad to answer any supplementary questions that may be put to me. Perhaps I am a little dense, but I do not quite understand my hon. friend's question.

Mr. White (Middlesex East): Because of the fact that taxes were not collectable, assessors in various municipalities have neglected to determine assessment value.

Mr. Abbott: The grants will not be based upon assessments made by local assessors. As I indicated in my statement, the grants will be made on the basis of assessments which the government itself determines, as is done in all other countries that follow practices of this kind.

FISH INSPECTION ACT

FISH AND FISH CONTAINERS, ETC.—CONCURRENCE IN SENATE AMENDMENTS

Hon. R. W. Mayhew (Minister of Fisheries) moved the second reading of and concurrence in amendments made by the Senate to Bill No. 63, respecting the inspection of fish and marine plants.

Motion agreed to, amendments read the second time and concurred in.

SUPPLY

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

Mr. Fleming: On a question of privilege, sir, *Votes and Proceedings* of yesterday, No. 60, as published, contain at page 345 what I say is an error. Among the items said to have been passed at last night's session of this committee this one appears under the heading "Loans and investments":

Canadian Broadcasting Corporation

934. Loans to the Canadian Broadcasting Corporation . . . to cover capital costs of television installation and to support the development of the service . . . , $4,500,000.

Sir, my submission is that this is a mistake, because the item was not called. I have asked my colleagues around if they heard it called, and those to whom I have spoken agree with me that certainly the item was not called in their hearing.

Hansard has come to hand, and *Hansard* for yesterday, at pages 2826 and 2827, contains the report of a discussion on the last item, No. 306. At the conclusion of the discussion *Hansard* reads, "Item agreed to. Progress reported." There is no reference to the calling of this very large and important item, No. 934.

At page 2828 of *Hansard*, among the resolutions said to have been passed in committee, and reported, is this item, No. 934. But there is no statement in the text of *Hansard* as to that item being called.

There are a few other reasons that warrant my saying the item was not called. In the first place, we were told on the previous night that the estimates of the Department of National Revenue would be called. Item 934 is not among the estimates of the Department of National Revenue. If hon. members will look at the further supplementary estimates, No. 1, page 10, they will see three supplementary estimates in connection with the Department of National Revenue. On page 27 of that volume of further supplementary estimates they will see item 934—not under the estimates of the Department of National Revenue, but under the heading, "Loans and investments". This follows the previous heading, "Government-owned enterprises—transport".

Last, sir, and I think a complete reason for saying that item 934 was not called, is that the government had agreed not to call it. If hon. members will look at page 2052 of *Hansard* for March 28 of this year they will see that, following a statement made by the Minister of National Revenue on government policy with respect to television, relating to this particular matter, in which he said that it was government policy to ask for $4 million for the purpose of permitting the development of television by the C.B.C., *Hansard* records that at the conclusion of that statement I asked the minister this question:

> May I ask the minister a question arising out of the statement he has just read? Will the radio committee—

Some hon. Members: Order.

The Deputy Chairman: I think the hon. member has stated his question fully.

Mr. Fleming: I am just finishing it.

The Deputy Chairman: He is now proceeding to make a speech.

Mr. Fleming: No. I just wished to finish this quotation, then I shall be through. It continues:

> Will the radio committee have an opportunity of reviewing this policy and reporting to the house before the house is called upon to approve the loan of $4 million?
>
> Mr. McCann: The answer is definitely yes.

No radio committee has been set up. So I say the government certainly cannot have had any thought of calling that item, because this undertaking has not been fulfilled. Therefore I say that *Votes and Proceedings* for yesterday are in error, and item 934 should be struck out from page 345.

The Deputy Chairman: After looking over the discussion that took place on the items referring to the Canadian Broadcasting Corporation—either the item respecting the international service, or item 934, which refers to loans to be made to the Canadian Broadcasting Corporation with respect to television—and after reading *Hansard*, it is quite clear that the discussion on the first item, concerning the international service of the Canadian Broadcasting Corporation, was a general discussion covering all the operations of that corporation.

I knew, and I am sure some hon. members knew as well, that they were out of order in discussing on the first item, which referred to the international service, some of the things they did discuss, such as, for instance, wave lengths. The hon. member for Kenora-Rainy River criticized the C.B.C. because the northern section of Ontario was not served well enough. Then the hon. member for Eglinton spoke at some length about television. If hon. members will refer to page 2823 of *Hansard* they will see that he devoted perhaps a page to this particular aspect of radio, namely, television.

The hon. member goes on to say, at the close of his remarks:

> I am not going further tonight into this whole question of whether the C.B.C. ought to be permitted to continue as both competitor and regulator or, as it has been put in this house before, as judge and policeman as well as a party to the cause before it.

And he concludes by saying:

> These questions I have referred to, particularly the matter of television, are much too important to be left in abeyance any longer.

It seems clear to me that the sense of that was that all items pertaining to the C.B.C. were then under discussion; and that the hon. member was taking advantage of the general discussion then taking place to discuss item 934 as well. He is reported to the extent of about half a page on television as it appears in *Hansard* of yesterday.

Mr. Fleming: Quite true.

The Deputy Chairman: And he concludes by saying:

> These questions I have referred to, particularly the matter of television, are much too important to be left in abeyance any longer.

If one reads the speeches which then followed, especially the reply that was made by the hon. member for Rosetown-Biggar to some of the points raised by the hon. member for Eglinton, it will be seen that they have a direct bearing upon the setting up of a committee at the next session to deal with television, the allocation of wave lengths, and the establishment of a station of 50,000 watts in Ontario.

The leader of the opposition himself, at the close of his remarks last night, indicated that the item then under discussion dealt with international short wave, but he indicated

that he wanted, as well, to press the matter of setting up a committee at the next session, and concluded his remarks by saying:

> We see why it is so necessary that we start a complete examination of the whole activity of the Canadian Broadcasting Corporation as soon as we meet in the next session.

We were then on the item dealing with the international service. When these items on the international service were permitted to carry I said: "There are three items referring to the C.B.C.", and I called each of them in order, including item 934. I said, "Shall these items carry?" I know some hon. members on the opposition side, as well as some hon. members on the government side said, "carried". I then said: "Shall I report the resolutions?" And it was agreed. It was then three minutes to eleven.

Therefore I believe the point of privilege raised by the hon. member cannot be entertained.

Mr. Drew: Mr. Chairman, I should hope that before you make that as a final ruling you would be prepared to hear certain observations.

Some hon. Members: No.

An hon. Member: Sit down.

Mr. Drew: I will not sit down except on order of the Chair at any time in this house.

I suggest it may be wise to give consideration to this item. The discussion had not been confined to the first item. The discussion, it is true, had been general on the first item, and the first item was agreed to as recorded at page 2826 of *Hansard*. When I rose to discuss the matter further it was pointed out that item 305 had been called, and I then explained that item 306 dealt with the same subject matter, and that I would continue the discussion. We continued the consideration of the second item at that time.

The statement is made that the item was called. Well, it must have been called quickly, and I will state further most emphatically that I did not hear it. If an item under a different heading in the supplementary estimates is called in the committee of supply, it should be pointed out at the time that we are turning from page 10 to page 27, and that the item in the supplementaries appears under another heading. Unless this is done, no member of the committee can keep in his mind what the item is. Suddenly to group items in this way and to call them off quickly while there is a certain amount of cross-discussion going on in the chamber, without any indication that one of the items is for $4,500,000, and having to do with a most important subject—is a procedure under which, I submit, we cannot properly deal with the estimates.

I ask that the government consider the wisdom of consenting to reopen this discussion. Otherwise any suggestion to facilitate procedure becomes an impossibility. There is another time when we can discuss this, namely, on the appropriation bill, and I assure the government that we will discuss it then if this item is not reopened. Undoubtedly there would be a wider discussion on the appropriation bill, and the discussion would thereby be extended.

Without attempting to make a ruling as to what was done, and having regard particularly to the fact that the course indicated now by the chairman is one which could not possibly have given hon. members an opportunity to realize that the item 934 was called, I submit that by consent this item should be reopened, so that it will not be necessary to renew the whole discussion on the appropriation bill.

Mr. MacInnis: I had not intended to speak on this subject, either now or when it might come up again on the appropriation bill; therefore I can perhaps be considered as an unbiased advocate. I think the difficulty has arisen through having two or three items called at once. They were called so quickly in order to get through with the estimates of the department that those who were interested were not able to catch the number of the item. As the leader of the opposition has pointed out, the items in question were several pages away from the items that we had been discussing, as well as being under a different heading.

As the leader of the opposition has suggested, I think the matter should be reopened and an opportunity given to those who are interested in the item to discuss it. I suggest that to the chairman and to the government. This is a case where we should use good judgment and not get into an interminable discussion over the point.

Mr. McCann: On a question of privilege, I should like to say a word or two. I concur in everything that you, Mr. Chairman, have said in explanation. When the estimates which I have to pilot through the committee came up yesterday, I submitted to the chairman the numbers of the items, in the bluebook, in the supplementary estimates, and in the further supplementary estimates, and I distinctly heard you call all the numbers. Following the calling of the numbers, the word "carried" came from the committee. It was unfortunate that just at eleven o'clock

last night this very important item was called and passed and is so recorded in *Votes and Proceedings.*

I think perhaps the way in which the items are listed is not the best. Items having to do with international short wave, the C.B.C. and others things having to do with broadcasting, are listed under the Department of National Revenue, but they are entirely distinct from the activities of that department. The order in council which gave me the duty of indicating to parliament what has been done with reference to policy and transactions of the Canadian Broadcasting Corporation and the international short wave system delegates that duty to me personally.

The hon. member for Eglinton is quite right when he says that on March 27 last I indicated to the house the policy with reference to television, and said that there would be an opportunity to discuss the matter before the radio committee. There was a motion on the order paper at that time to set up the radio committee, but as parliament was dissolved on April 30, that item was not reached. I gave that promise in perfectly good faith. During this session there has been no request by the opposition that the committee on radio broadcasting be set up.

Mr. Diefenbaker: On a question of privilege, I asked the Prime Minister whether he would set it up, and he simply passed it off.

Mr. McCann: Perhaps I should retract and say that there was no motion on the order paper to set up the committee. I have no personal objection to this matter being discussed. I was surprised last night that there was not more discussion, but there certainly was discussion on the matter. The hon. member for Eglinton is reported, both in *Hansard* and the Montreal *Gazette*, as having spent a considerable amount of his time in the discussion of television.

Mr. Drew: Not on this item.

Mr. McCann: He did not enumerate the item, but he is reported both in the press and in *Hansard* as having discussed at some length the general question of television. If the hon. member was in error in not knowing the significance of the item as it was called, that is not my business. I brought up the item; it came before the committee and there was a general discussion on the whole matter. The item was called, the item was passed, and the resolution was reported.

As I say, I have no personal objection if the committee wishes to consider this matter further. We will have a clear statement as to what the policy of the Canadian Broadcasting Corporation is in the matter of meeting commitments for setting up television, in accordance with government policy. The hon. member for Eglinton was a bit critical last night of the fact that we had not gone ahead with this matter. On what did he base his comment that we were not dealing fairly with private stations which had made application to be licensed to go into television?

Mr. Drew: Mr. Chairman, this is a speech in regard to what the member did or did not do, but it does not explain whether or not this item was carried. I understood the chairman to say that further supplementary items were called, and there are further supplementary items shown in addition to item 934. Based on the statement just made by the chairman, I think item 934 was not called.

Mr. McCann: I categorically deny that item 934 was not called. It was called. The chairman says so, and the Clerk says so. As I said, I have no objection to further discussion, but I am not going to be bluffed into the position that the item was not called, because that is not true. If there are other grounds for further discussion it will be on straight business grounds, and not because I am being bluffed by the leader of the opposition. What I say this morning is no more a speech than what you have said, Mr. Leader of the Opposition, and I have just as much right—

An hon. Member: Address the Chair.

Mr. McCann: —to indicate what my position here is as he has. To continue—

Mr. Drew: I do not propose to be tricked, either.

Mr. St. Laurent: I ask that the hon. member withdraw that expression. I do not think it is proper for the leader of the opposition to suggest that he is being tricked by the majority in the house.

Mr. Drew: Mr. Chairman, before you deal with that you will deal with the question whether it is proper to suggest that a serious argument I have made is an attempt to bluff the house?

Mr. St. Laurent: I have raised a question of privilege, Mr. Chairman, and I ask for your ruling. I request that the expression that the leader of the opposition is being "tricked" by the majority, and by the chairman of the committee, be withdrawn.

Mr. Drew: I said I did not come here to be tricked, and I repeat that statement. I certainly have no thought of changing my words into those now used by the Prime

Minister. The Minister of National Revenue said he did not come here to be bluffed, and I replied that I did not come here for another purpose. Both of us came here to discuss other matters, and I suggest we get on with the discussion.

Mr. St. Laurent: If there is any dispute about what the leader of the opposition said, the chairman should consult *Hansard,* and if the hon. member's words are what I understood them to be, then there should be an order that he withdraw them.

Mr. Rowe: The same goes for bluffing.

Mr. Diefenbaker: A person would have to be a philological expert to appreciate the difference between "trick" and "bluff". I suggest that the Prime Minister might very well read his lecture to his own minister before talking to the opposition.

The Deputy Chairman: Order. We are getting too far afield from the discussion on which this matter arose. It seems to me there might be some provocation in the words used by the Minister of National Revenue, although perhaps not to an extent that would justify the leader of the opposition in using the expression he did. When he said he was not here to be tricked, I took it that this might be a reflection on the chairman. I know he does not want to convey that meaning. I think the word "trick" is not parliamentary. On the other hand, it might be a good solution if the Minister of National Revenue and the leader of the opposition would get together on this question.

Mr. McCann: I would be the first to make amends. There is nothing further from my mind than to say anything offensive. If there was anything offensive in saying somebody was trying to bluff you, which is a common expression, I certainly withdraw unreservedly.

Mr. Drew: Mr. Chairman, since that is withdrawn, I withdraw the subsequent remark.

Mr. McCann: I should like to say one more word in order to expedite the business of the house. Last night I had my officers here, and was perfectly ready to go on with as lengthy a discussion as the house wanted on the question of television. I am still prepared to do so. I leave it entirely to the chairman to decide what course of action should be taken.

Mr. Macdonnell (Greenwood): It seems to me there has been a first-class misunderstanding. Surely we want to be forbearing with each other and get on with the business at hand. It would be better if the government would accept the suggestion made by the leader of the opposition. By common consent let us agree there was at least a misunderstanding, and get together and work on that basis.

Mr. Fournier (Hull): I suggest that if the minister is not ready to proceed this morning we may be able to find some time tomorrow—I hope not too much time—when we can have the officials here. In any event, we will try to find some time to have a discussion on the matter.

The Deputy Chairman: Some remarks have been made about the fact that two or three items are called at the same time, especially in the case of supplementary estimates which relate to subjects that have been under discussion. I was told by experienced members of the house that it was somewhat of an innovation on my part to refer hon. members to the pages in the bluebook, the supplementaries and further supplementaries. I have not done so all the time, but as much as possible I have referred hon. members of the committee to those pages. I still maintain I called that item last night, and that the discussion on it was such as *Hansard* has recorded. If there is unanimous consent to deal with it at a later stage, of course discussion will be permitted.

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

381. Departmental administration—formerly under demobilization and reconversion, $98,180.

Mr. Fraser: Is the minister going to make a statement?

Mr. Winters: I have no statement to make at this stage.

Mr. Fraser: I should like to say a word and ask a few questions. One matter which I have mentioned before is the closing of the offices of Central Mortgage and Housing Corporation all day on Saturday, with the result that workers have no opportunity to go to the offices to discuss matters with the heads of the corporation. Could it not be arranged that the offices of the corporation be closed on Wednesday afternoon, or some other afternoon in the week, in order that they might remain open on Saturday morning? It would not be necessary then for workers' wives to transact the business with the corporation. I have had letters and telephone calls about the matter, and a number of workers have spoken to me about it. Can the minister make some suggestion that will help?

Mr. Winters: There are several items in the estimates dealing with housing on which I think it would be more appropriate to discuss the affairs of Central Mortgage and Housing Corporation. I shall be pleased to answer any questions at that time. I can say now, however, that the hours worked by Central Mortgage and Housing Corporation are designed to some extent to tie in with the practice as to hours followed by the lending institutions with whom Central Mortgage and Housing Corporation conducts much of its business. Therefore in the summer months the corporation follows the practice prevalent in that field of closing on Saturday morning, but the working hours for the week are adjusted to compensate therefor.

Mr. Fraser: Central Mortgage and Housing Corporation was not set up to help any financial institution—at least, I hope not. I understand it was created to help workers. The corporation should do everything possible to make it convenient for workers to deal with them. Banks close at eleven o'clock on Saturday morning; why not have the Central Mortgage and Housing Corporation offices remain open until that hour on Saturday morning and close on Wednesday afternoon?

Mr. Hansell: I should like to ask one question as to the administration of Central Mortgage and Housing Corporation. It seems to be difficult for smaller communities to come under the act, the operations of which seem to be pretty well confined to the larger cities. Why is it that people in the smaller places who wish to get loans under the act are unable to do so? One person wrote to me for information from a small community of about 1,500 people. I sent the information to the officials at the head office, and they were kind enough to explain the situation to me. I wrote to the person suggesting that he go to Calgary or Lethbridge and get the necessary information ,and that, generally speaking, loans should be available for the smaller communities. I have received a reply to the effect that this person visited both the offices in Calgary and Lethbridge, and the expression he used was that he was given the run-around. I do not use that expression in any unkind fashion, but people do get annoyed when they cannot get a thing through. Perhaps there are reasons for it. Will the minister throw some light on the matter?—because there are people in the smaller communities who wish to take advantage of this act.

Mr. Winters: May I say once more, Mr. Chairman, that I would prefer to speak about housing, and discuss Central Mortgage and Housing matters, under the specific items. Central Mortgage and Housing Corporation is a crown company reporting through a minister, who in this case happens to be the Minister of Reconstruction and Supply. It is not, therefore, properly a matter of departmental administration.

I would inform the member for Macleod that there is a section in the National Housing Act, section 31A, which enables the government to make loans direct in areas in which, in accordance with normal mortgage practice, the lending institutions do not choose to operate. To the best of my knowledge, wherever there has been a request for loans that have not qualified in the eyes of the lending institutions, but which nevertheless have been eligible for direct government loan under section 31A of the act, those loans have been forthcoming.

Mr. Hansell: What is the procedure in that case? Does the applicant get in touch with the minister, or with Central Mortgage and Housing Corporation?

Mr. Winters: First of all the applicant communicates with a lending institution, because the government is not in the mortgage business to compete with the lending institutions. If the lending institution decides it does not wish to undertake that particular loan, then the applicant is free to communicate with Central Mortgage and Housing Corporation, who will consider it under section 31A.

Item agreed to.

382. Public projects branch—formerly under departmental administration, demobilization and reconversion, $123,380.

Mr. Diefenbaker: Before I bring to the minister's attention what I have particularly in mind, I would ask him what is the purpose of the public projects branch. Is it designed to provide a shelf of public works against possible unemployment in parts of the country? I have the report of the minister's department for 1948-49, and from a perusal of that report it would seem that is the purpose of this vote; is that correct?

Mr. Winters: The function of the public projects branch, as my hon. friend suggests, has been to assemble a backlog of projects that could be used when the economic situation justifies it. It has a broader function, that of trying to provide engineering assistance to other departments who wish to bring their programs to a state of readiness for implementation. It also provides assistance to the

Department of Finance in screening the various projects advanced for consideration by the different government departments, to break them down as to their labour content and material content, and to aid in arriving at a conclusion as to when the project should be implemented.

Mr. Diefenbaker: I believe that these projects are not receiving the attention they should. A question was asked by the member for Vancouver-Quadra on October 12, and the answer revealed the inadequacy of what is being done in connection with these matters. The answer was based on vote 384, which is for reconstruction projects, but I presume it amounts to the same thing. The number of reconstruction projects involved totalled four. One consisted of an amount of $40,000 to design an icebreaker; another was $150,000 for some water control improvements on the French river; $4,200 was for the construction of a virus laboratory, and $70,000 for the Department of Mines and Resources to construct a road in British Columbia.

The particular project I have in mind is one that has been referred to before during this session; I refer to the work on the South Saskatchewan river. According to the departmental report, $250,000 was spent on surveys, investigation and planning in connection with the two projects, the Red river diversion and the South Saskatchewan river, up until March 31, 1948. How much is being spent on this project this year? How much has been spent since March 31 last, and what expenditure is contemplated for next year according to the estimates of the department?

There is increasing unemployment in Saskatchewan by reason of the widespread drought of this year. As a result, almost a quarter of a million people have to receive some measure of assistance. Reference has already been made to other branches of possible assistance, such as the Prairie Farm Assistance Act. The South Saskatchewan river project is necessary to the future economic development of our province. It has been declared feasible, and, having regard to the necessity of something being done this year to assist the people in parts of southern Saskatchewan, and the fact that the South Saskatchewan river project is directly in the centre of the drought-afflicted portions of the province, I feel that extensive expenditures should be made on surveys so that an early commencement of the work may be undertaken.

This is a matter, sir, which affects a quarter of a million people. I know they all could not secure employment on it, but many of them could. In proceeding with this work, not only would a strong foundation be laid for the diversification of industry in our province, but help would be given to these people, to the municipalities, and to the provincial government—which has already begun to make plans for assistance to relieve the present condition and ensure future benefits. It is the kind of expansion that does not mean the expenditure of money with no commensurate return. In this chamber I have never asked the government on the one hand to reduce taxation and on the other to increase expenditures.

This is the kind of expenditure that is self-liquidating, that pays off dividends in development. It will make productive an area of some 700,000 acres in the central part of Saskatchewan that was formerly unproductive, except for a few fertile areas. It will make available a development that will reduce the expenditures on prairie farm assistance. It will lay the foundation for the development of Saskatchewan industrially and productively.

As this is not a narrow parochial project but one which affects the livelihood and the welfare of a quarter of a million Canadians, and is one of the national development schemes, it is worthy of being on a shelf designed to alleviate the possibilities of unemployment. Will the minister say a word in regard to the matter?

Mr. Winters: I shall be glad to do so. I am aware of the importance of this project. I have talked it over on many occasions with people from Saskatchewan who are interested, as well as with the Minister of Agriculture, who is directly concerned with it for the government. The purpose of the vote which is under consideration now, $123,380, is the operation of the public projects branch of the department. There is a subsequent item, 384, which provides an amount of $1 million. The hon. member had reference to that as well. The purpose of that vote is to have a fund available for the use of any government department that wishes to undertake any project on an emergency basis but for which the moneys have not been voted by parliament. The funds are therefore forthcoming from this pool of $1 million, which has been increased by another vote of $1 million; and allocations are made from this fund until such time as the moneys can be voted by parliament within the department which is concerned with the project, and then they are recoverable to this fund.

Having regard to the importance of the project to which my hon. friend refers, if the Minister of Agriculture asks for certain allotments from this fund to undertake work over and above that provided for by votes of parliament, I can assure him that I shall be pleased to co-operate with him.

Mr. Diefenbaker: I appreciate the minister's attitude. It is consonant with the attitude he displayed this summer when visiting the various provincial governments and learning about the problem at first hand. In fact, he was in Saskatchewan, and his visit there was greatly appreciated. It was of value not only to himself but also to those with whom he came in contact.

Mr. Macdonnell (Greenwood): Will the minister broaden out the answer he has given to the hon. member for Lake Centre? In other words, will he tell us in a general way just what projects there are? I think it would be a matter of interest and perhaps of reassurance to the people, particularly in those parts of the country in which they are beginning to feel the pinch of unemployment.

Mr. Winters: I am not quite sure, Mr. Chairman, what my hon. friend wishes me to answer. Will he reframe the question?

Mr. Macdonnell (Greenwood): What I am asking for is a statement, as complete as the minister feels he can give, as to the projects which are in existence or contemplated.

Mr. Winters: I cannot, of course, list the projects which are on the so-called shelf, but I can tell the committee that this fund is available, as I have said to the hon. member for Lake Centre, to any department that wishes to implement any of these projects for the purpose of developing Canada as well as for the purpose of alleviating unemployment, but for which there has been no vote of parliament. This fund can be drawn on for that purpose until such time as parliament has had the opportunity of dealing with the specific vote. This is an emergency fund.

Mr. Macdonnell (Greenwood): Did I understand the minister to say that he could not give us a list of the projects on the so-called shelf?

Mr. Winters: Yes, that is right.

Mr. Macdonnell (Greenwood): Is that because the minister feels that to do so might, let us say, give information which might be injurious to the actual carrying out of the projects? For instance, if the minister was thinking of buying my house, let us say, to use as an office for his operations in Toronto, I can quite understand that he would not want to give notice of his intention for fear I might get too enthusiastic about the price. But, speaking seriously, may I ask him to what extent he feels he can inform us, and to what extent not, and to give us the reason for whatever withholding he believes to be necessary.

Mr. Winters: The so-called shelf, as it was conceived, was to be a repository for projects that were completely planned and ready to be implemented. I think it must be evident to the house that there is a relatively small group of projects that are brought to that stage and are not implemented. We believe therefore that a broader concept of the investment program of the government should be visualized, and we are trying to use this public projects branch in an effort to bring any project of any department forward to the point where it is in such a state of readiness that it can be implemented as required.

The report of the department for 1949 referred to the various categories of readiness. We therefore feel that the major function of this department is not to have a backlog of works which have been developed by other departments but which they have not seen fit to implement. We would rather take the broader view of it. For that reason I say it is not in the concept of the shelf to visualize it as just a repository of projects that have been completely planned and are ready to be put into effect. There have been some in that category, which have been completely planned but which, for various reasons such as shortages of material or shortage of labour in a certain district, it has not been considered expedient to implement. I doubt whether the committee would consider it wise if I were to list the projects that have been prepared for implementation.

Mr. Prudham: I should like to ask the minister a question with regard to the location of the route for the trans-Canada highway. In his statement of policy I believe he said that the route would be entirely up to the provinces concerned, with the reservation that it should follow the shortest possible route. If there should be a difference of opinion between provinces as to the most feasible or most desirable route, would the government be in favour of setting up a fact-finding commission, or assisting the provinces in setting up a fact-finding commission?

Mr. Winters: I know of no disagreement such as that suggested by the hon. member. The only thing I can say is that if the condition should arise, the government, in co-operation with the provinces concerned, would be prepared to take the necessary steps to overcome the obstacle.

Mr. Prudham: Has the route been finally determined by the provinces concerned, or is it still open to negotiation?

Mr. Winters: The routes are still open to negotiation. So far there have been no agreements.

Mr. MacInnis: I am a bit confused about item 382. Perhaps I was out of the chamber when the item was called and the minister made a statement that I did not hear. If he did, he need not make it again; I shall look at it in the record. What is the purpose of this item? What is to be done under it? Is it the sum total of the public projects branch? If the minister has answered the question, I shall look it up.

Mr. Winters: There has been some discussion on the item, yes. The total of $123,380 is simply the amount required for the operation of that part of the department. It does not provide moneys for public projects as such; it is for the operation of the department.

Mr. Fraser: It is a hope chest.

Mr. Black (Cumberland): I know we are all interested in this item, and in what the department has in hand, or what it should have in hand. The public has been led to expect that a large number of government projects would be prepared and made ready to be carried out when the occasion warranted. Those of us from Nova Scotia, including the minister, who are familiar with conditions in that province, will recognize that the situation is becoming more serious in that part of Canada. This was recognized by the Minister of Labour on Saturday when we were dealing with his estimates. He said that there were pockets of unemployment in the maritime provinces. I asked him whether the policy of transferring workmen from Nova Scotia to central Canada was to be proceeded with as it had been in previous years, and he indicated that it would not be done because it had not been successful. He said that the workmen of Nova Scotia preferred to work in Nova Scotia, which is quite correct. This makes it all the more necessary to have works projects undertaken there, and they should be made more definite than the minister has so far indicated.

We have the statement submitted by the Minister of Labour showing the total unemployed in Nova Scotia as of December 3. The number was 11,625 in Nova Scotia, and 10,936 in New Brunswick, which is a very large number indeed, and does not include men employed in country districts and lumberwoods. I think the minister should indicate to the house what projects are on this shelf to which he refers that can now be undertaken in Nova Scotia. Quite a number of projects have been discussed in parliament, and there is no reason why they should be longer delayed. There is the question of the Canso bridge, which we have been waiting to take up with the Minister of Transport when his estimates come before the house. That has been put off, and except for surveying, no work has been done. Then there is the question of rebuilding the railway from Sydney through to Moncton. That should be undertaken. The hon. member for Antigonish-Guysborough from time to time has brought up the question of the Guysborough railway. He brought it up again this session, and tried to impress upon the government the necessity of building that railway. The hon. member for Antigonish-Guysborough has been a member of this house since 1936. His representations do not appear to be taken very seriously by the minister or by the government; otherwise some answer would have been given by the government as to the policy with respect to that railway.

It has been proposed that the main trunk railroad that is to be rebuilt to serve Cape Breton and transport the products of Cape Breton to central Canada should go over the Guysborough railway rather than that the old line from Antigonish to Canso should be rebuilt. The minister might make some statement with respect to that.

There is also the question of the Chignecto canal, which has been before parliament since confederation. The hon. member for Saint John-Albert emphasized that subject in his speech on the budget debate this year, as I and other members have done in the past. This is a project that should now be undertaken, in justice to the maritime provinces. More than $350 million has been spent on canals in central Canada, but nothing has been done in our part of Canada.

There is also the building of the trans-Canada highway. That should be more definite in Nova Scotia. The hon. member for Edmonton West has just received a statement from the minister as to the route to be approved in his part of Canada. On different occasions I have asked questions as to the route in Nova Scotia. I have asked for the correspondence, and up to this time it has not been forthcoming. Perhaps the minister can give the committee the information today. Construction of the trans-Canada highway should be undertaken early this coming season in Nova Scotia, to relieve present and impending unemployment.

If the minister is not able to get the proper advice as to the route, I would be prepared to give it to him myself. I would say the route should go to Halifax, the capital of the province. The minister says that the route should be the shortest practicable east-west route consistent with the needs of the provinces and of Canada as a whole. I suppose the shortest possible route should go to

Amherst. The branch trans-Canada route serving Newfoundland should go from Amherst along the Northumberland strait to Canso and to North Sydney and thence to Louisburg.

The Deputy Chairman: Is the hon. member speaking about the route of the trans-Canada highway?

Mr. Black (Cumberland): I am speaking about unemployment in Nova Scotia, and I am following the suggestion given to the committee by the hon. member for Edmonton West and replies by the minister. These are suggestions as to the locating of the route in Nova Scotia so that the work can get under way.

There are other projects that should be undertaken in Nova Scotia. They are due to the province for what we did during the war and what we have done since confederation. They are due to us because we did not obtain our share of industrial development during the war, and have not obtained it since the war. They are due to us, because I suppose the greatest amount of unemployment in all Canada is now to be found in that part of Canada. There should be some indication from the minister at this time as to what his department has in mind, and what the government is going to do to relieve the situation in Nova Scotia. I should hope the minister would give a more definite indication of what projects will be undertaken in Nova Scotia in the coming season.

Mr. Winters: I can inform the committee that every consideration is being given to Nova Scotia's particular problem, as the hon. member for Cumberland can well imagine. The shelf, to use that word, is not a static thing. Projects have been registered on it, and projects come off it. Quite a large program of works has been undertaken in Nova Scotia, involving the bridge across the strait of Canso and quite a comprehensive program of work on the highways in the public park in Cape Breton. Then there is the matter of marshlands reclamation, of which the hon. member is so well aware. Further, there is the trans-Canada highway project, with which we wish to go forward as soon as possible. Last week I suggested to each provincial government that perhaps they would wish to meet in Ottawa on December 15 and 16—those are the dates I have suggested—to discuss all matters of technical detail, as a preliminary step toward the signing of agreements, so that the project can be implemented without delay.

Then there is the matter of housing which, if used as we think it should be used, could provide employment for a great many people, and at the same time go a long way toward helping with the development of Canada. We know there is much to be done in the way of housing in Nova Scotia. We stand ready, through the legislation that the house was good enough to enact recently, to do our share in that respect. As my hon. friend knows, the provincial government has a large and well-conceived program of public works, the building of highways and other works which will contribute greatly to the alleviation of unemployment.

The hon. member has suggested that I had not taken seriously the remarks of the hon. member for Antigonish-Guysborough about the Guysborough railway. I need not remind him that I took those remarks most seriously, and have had several discussions with the hon. member with respect to that project.

Mr. Black (Cumberland): Is the minister in a position to make an announcement about it?

Mr. Winters: That comes within the department of the Minister of Transport, and I am not in a position to make an announcement.

This morning the hon. member heard the Minister of Transport announce that another ship would be built for traffic between Nova Scotia and the New England states. It is within the bounds of possibility that that ship can be built in Halifax. That remains to be determined. The point is that the situation in Nova Scotia is well understood, and that steps within our means are being taken to meet the condition.

Mr. Black (Cumberland): The minister recognizes the fact that there is considerable unemployment in Nova Scotia, as shown by the figures I have given.

Mr. Macdonnell (Greenwood): I do not wish to drag this out, but I would ask one or two questions. I would refer the minister to two answers he gave within the last couple of months to the hon. member for Vancouver-Quadra.

On October 12 the hon. member asked this question:

> What allocations, if any, has the treasury board made for reconstruction projects under vote 384 of the estimates for the fiscal year ending March 31, 1950?

The minister listed four, which, after rough addition, I should think would total about $360,000. Then, in answer to a similar question on October 20 with respect to vote 890—

> What allocation, if any, has the treasury board made for reconstruction projects under vote 890 of the estimates for the fiscal year ending March 31, 1950?—

—the minister answered, "Nil".

I got the impression from what he said that, apart from the trans-Canada highway and housing—and I am not belittling either of them—the minister indicated that his department was taking the position of a stand-by department, to assist other departments if there were certain things they wanted to do. Is that a fair interpretation of what he said? Would we be correct in assuming that the shelf has to do with tentative matters or hopes which may or may not be realized? I can understand why projects go on the shelf and are then taken off. However, I think the people would like to know whether in fact the projects under the auspices of the minister's department are substantial. The figure of $360,000 is relatively small. If he feels that no details can be given—and I shall not press him, because I am sure he would give them if he could—would there be any objection to giving totals, stating that there are firm projects to such-and-such an amount? Otherwise, as it now stands, those who read this discussion might come to the conclusion that, apart from the trans-Canada highway and housing, there is nothing very definite.

Mr. Winters: I do not think the question is whether or not the program of projects is adequate, but rather whether the over-all government program of investment is substantial. Through its public projects branch the Department of Reconstruction and Supply has attempted to co-ordinate the government's program of investment, and I think that in that attempt it has been successful to some extent. This is reflected by the high level of employment that has prevailed in Canada, and the total amount of the government investment programs since the war.

I am sure my hon. friend has read the departmental report for the year ended March 31, 1949, which gives a pretty fair indication of the total volume of the government's investment program. It would be an entirely wrong concept on the part of my hon. friend to say that the public projects branch, as I have referred to it, is the government's investment program. The public projects branch, as it was conceived, was to be a repository for completely planned and engineered works which could be taken off the shelf and put into effect. That, as an over-all conceived plan, is not adequate, because projects are fluid things. They are all the time being conceived and brought to varying degrees of preparedness.

My hon. friend will see by referring to the report that the survey instigated by the public projects branch by way of co-ordinating or attempting to co-ordinate the functions of all government departments reveals a backlog of public projects in various stages of preparedness amounting to something of the order of $3 billion.

[Mr. Macdonnell (Greenwood).]

Mr. Gillis: I should like to be clear as to the functions of this branch. Am I right in assuming that this vote is just to provide funds for administration of the branch?

Mr. Winters: This particular vote, yes; there is a later vote which does the other things.

Mr. Gillis: I cannot see what it has to do with the trans-Canada highway and the Canso bridge. This is a special branch of the minister's department. They survey the field, decide what public projects are feasible and, if they so desire, recommend them.

In connection with the trans-Canada highway, is not the work of this branch done when the work is planned? Will not the administration of that project be largely in the hands of the provincial governments? The provincial governments will actually do the work. Is it not true also that in respect of the Canso bridge, while this branch may have something to do with the planning, the implementation of the plans is in the hands of the Department of Transport? The minister's department does not follow through with everything that is planned; that is handed over to the department particularly concerned. In effect all that is being done is to maintain a planning branch.

Item agreed to.

383. Canadian government travel bureau—to assist in promoting the tourist business in Canada, $1,298,277.

Mr. Fraser: At what fairs and exhibitions in foreign countries, including the United States, will the travel bureau have exhibits? How many inquiries have been received from other countries, and how many envelopes containing booklets and other literature have been sent out, and at what cost?

Mr. Winters: The travel bureau will have no exhibits at fairs or exhibitions in foreign countries except in the United States. Last year the bureau had exhibits at Boston, New York, Chicago, Dallas, Seattle, and Los Angeles. Up to date this year we have received 301,000 inquiries.

Mr. Fraser: Has the department ever considered using a trailer outfit in order to advertise Canada in different sections of the United States, places which cannot very well be reached by mail? I am thinking of such places as Hot Springs, Arkansas, and resorts in South Carolina and North Carolina. This would not cost much more than to advertise in one magazine. It would be of great help in increasing travel to this country.

Mr. Diefenbaker: The Canadian travel bureau is one of the most important agencies so far as the obtaining of United States dollars is concerned, and I should like to know if it is still located in the barn.

Mr. Winters: It is located in the old supreme court building.

Mr. Diefenbaker: That building started as a barn, and then for seventy years it was the temporary supreme court building. I submit in all seriousness that for Canada to have such an outstanding public agency located in such a place is completely out of keeping with its importance. I know something of the work that has been done by Leo Dolan on behalf of Canada. Recently I was in the far west and one of the Canadians who seemed to be known to the people of the United States was the director of the travel bureau.

It is undignified to have in such a building an agency of government as important as this. The hon. member for Vancouver-Quadra points out that public relations are of immense importance, and for outstanding United States citizens who come from the tourist bureau, say, in Washington, to visit the headquarters we have here does not give them the impression that should be given. The immediate transfer of this agency to quarters more in keeping with its importance should be considered.

Mr. Winters: Recently there has been a complete renovation of these quarters, which has made them a much more attractive place in which to work. I shall have full regard to what has been said here this morning for the purpose of further consideration.

Mr. Herridge: Mr. Chairman, I have in my hand a copy of the report of the fourth dominion-provincial tourist conference which was held in Ottawa on November 7, 8 and 9 of this year. This was a conference of dominion and provincial ministers and officials and of representatives of companies interested in the tourist business. Seventeen resolutions were passed, seven of which expressed congratulations or thanks to individuals or organizations. I am interested to note that the minister of trade and industry of British Columbia made a heavyweight contribution by suggesting that girls with long hair who work in restaurants should wear nets.

I should like to refer to resolution No. 2, which reads:

> Recommended: That the fourth dominion-provincial tourist conference go on record as being strongly opposed to the use of the words "Restricted or selected clientele" in tourist resort folders, on letterheads and advertising.

I should like to know what action is taken by the minister's department on resolutions passed at this conference. I am greatly interested in this question, as are many of my constituents. I appreciate the good work that is being done by the Canadian travel bureau, but having followed their advertising for a number of years I am of the opinion that the major effort is to attract tourists to the larger centres or to the resorts operated by the railroad companies. I think the Canadian travel bureau has overlooked the opportunity to develop the tourist business in some of the isolated, or what might be described as the backwoods, districts.

By way of illustration, may I say that I represent one of the most beautiful constituencies in Canada. Nobody will question that. I have never seen a line of tourist publicity or advertising concerning the beauties of the Kootenays or the tourist facilities offered by the many tourist resorts. I am sure the hon. member for Vancouver-Quadra will support me in that. There are marvellous opportunities for tourists in the Kootenay, Arrow and Trout lake areas, but, so far as I can find out, the Canadian travel bureau has not published any literature directing the attention of tourists to those regions. Again I say I am of the opinion they are inclined to advertise first the resorts of the large railroads and other hotel-owning companies.

Mr. Green: I concur in the statement made by the hon. member for Kootenay West. It does seem that a good deal of the publicity has to do with such places as Banff and Jasper, which do not need it so much. The Kootenay country is one of the lovely parts of Canada, and is a great attraction to tourists. I should like to know what steps are taken to publicize districts of that kind.

When the minister is answering, perhaps he will say something in reply to the remarks of the hon. member for Lake Centre concerning the location of the headquarters of the Canadian travel bureau. I think it is disgraceful. After all, the travel bureau is the show window of Canada. Their business is to sell Canada, and they have to deal with men from the United States who are engaged in the same line of business, and to whom appearances mean a great deal. The United States has desirable and attractive headquarters for such work, and Canada, which needs tourists far more than the United States, has headquarters which a person hesitates to enter. I think it is a most serious situation and shows poor judgment on the part of somebody high up in the government. I should like an assurance from the minister that suitable accommodation will be found for the travel bureau.

Mr. Winters: The travel bureau operates on the principle that its function is to entice tourists to come to Canada. Once they come to Canada it is the responsibility of the provinces to induce them to visit their particular areas. For that reason the Canadian government travel bureau does not try to emphasize or portray any one area at the expense of another. We have to try to give the national picture, and to create in the minds of prospective tourists a concept that is Canadian.

Mr. Black (Cumberland): I am quite sure all hon. members are in thorough sympathy with the appropriation. Their only criticism, and it is a real one, is that it is not larger. The person in Canada to whom the greatest credit should be given for initiating federal responsibility as to tourist traffic is Senator W. H. Dennis of Nova Scotia. There has been a great development in tourist traffic, although there were setbacks because of the war, the depression and other circumstances. It is a most important department for the maritime provinces, and particularly Nova Scotia.

I realize that our part of Canada has not profited as much as central Canada from the appropriation. There is a great deal more to be done. It is probably the most undeveloped tourist area in the country, and yet it has greater possibilities and potentialities than any other section of Canada. There is great scope for development with respect to United States tourists and others coming to Canada.

There is another point which should not be neglected. The travel bureau should assume greater responsibility for attracting summer vacationists to the maritime provinces from central Canada. A great many tourists go from central Canada to the United States and other places outside of Canada. They should be attracted to the maritime provinces in far greater numbers than they have been in the past. I should like to ask the minister what the department is doing to publicize the maritimes and attract people from central Canada to the Atlantic seaboard, our warm sea water and cool air.

Mr. Winters: The attractions of Nova Scotia are so obvious that it is hard to understand why people do not flock there in greater numbers. It is just a matter of time until they hear about it, and then we shall have no further trouble in that respect. The eastern provinces are doing a good job in inducing tourists to go to the maritimes. In Nova Scotia the tourist department is very active. New Brunswick has been doing a good job, as has Prince Edward Island. Newfoundland has now come into the picture. Newfoundlanders feel that their province has very great tourist potentialities, and they have every intention of developing them.

[Mr. Green.]

The hon. member for Kootenay West referred to the dominion-provincial conference which is called each year for the purpose of discussing all matters which can mutually help us to bring more tourists to Canada generally, and help the provinces to attract more tourists to their own particular areas. These conferences have been most fruitful. There has been a measure of co-operation which has enabled us to go forward from year to year to improve tourist traffic in Canada.

Mr. Macdonnell (Greenwood): You now have eleven departments working together, the federal department and ten provincial departments. Can the minister give us his assurance that there is really co-ordination, that there is not overlapping or even a contradiction of advertising? Does he feel it is in good shape?

Mr. Winters: Of course that is one of the major items for discussion at the conferences, and I think the provinces feel there is the type of co-ordination which reduces overlapping to a minimum, and which gets the most for their dollars spent on the tourist industry.

Mr. Harkness: I notice the major portion of this expenditure, some $875,000, is for advertising and publicity. Is that entirely or almost entirely spent in the United States, in the same way that most of the booklets you send out go to that country?

Mr. Winters: Yes; that is correct.

Mr. Harkness: Is there any advertising in Canada, along the lines suggested by the hon. member for Cumberland, to induce people to go from central Canada to the maritimes, or to western Canada, and particularly the Rockies?

Mr. Winters: What advertising there is for that purpose is done by the provinces.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

Demobilization and reconversion—

890. Reconstruction projects, subject to allocation by the treasury board—further amount required, $1,000,000.

Mr. Diefenbaker: I want to ask the minister one question arising out of the statement he made this morning. Has there been a request by the Minister of Agriculture for any allocation from this fund for the year 1949-50 in connection with surveying and other like works on the South Saskatchewan project?

Mr. Winters: No, there has not. But there is, I understand, a sum provided in the estimates of the Department of Agriculture.

Mr. Diefenbaker: Yes, I understand that; but not from this?

Mr. Winters: No.

Mr. Green: Can the minister give us any idea as to what projects this money is to be used for?

Mr. Winters: Just as required.

Mr. Fraser: The Ganaraska river runs through Port Hope. It floods every year. Has anything been set aside for the Ganaraska watershed conversion?

Mr. Winters: Not under this department.

Item agreed to.

Demobilization and reconversion—

385. To provide for contribution towards cost of subway at Sudbury, Ontario, to implement agreement entered into in 1939, $100,000.

Mr. Green: Will the minister explain this item?

Mr. Winters: This is a revote of an amount that was first put in the estimates in 1939 for a project which, for reasons of war, was not proceeded with. It has recently appeared in the estimates again. I understand that Sudbury is now ready to go ahead with its share of the work. This is likely to be the last year this item will appear in the estimates.

Item agreed to.

Demobilization and reconversion—housing development, including commitments of previous years—

386. To provide for payments of amounts owing under guarantees pursuant to item 571 of schedule A to the Appropriation Act No. 5, 1947 (and pursuant to corresponding items in previous appropriation acts) to approved lending institutions in respect of loans made for the purpose of financing the conversion of existing houses into multiple family houses, such payments to be made out of unappropriated moneys in the consolidated revenue fund, $1.

Mr. Green: Will the minister explain this item also?

Mr. Winters: Under the old Home Improvement Loans Guarantee Act, 1938, there was an amount of $50 million for home improvements, and it was all expended by the year 1940. Subsequently during the war, when housing was administered by the Department of Finance, it was felt that one means of obtaining more housing units would be to make arrangements with people who owned large houses to break them down into smaller units. That was an arrangement with the banks backed by the government. I understand there were approximately nineteen loans,—and I am speaking from memory—the total amount being something of the order of $15,000.

Mr. Green: That is for the whole of Canada?

Mr. Winters: Yes. That has been wound up now. This item of $1 has been carried in the estimates just to keep the item alive, in the event that it would be needed; but it too will disappear this year.

Item agreed to.

Demobilization and reconversion—

387. Emergency shelter—administration, $350,000.

Mr. Green: Is there any way in which the department or the Central Mortgage and Housing Corporation can help to get a family established in suitable living quarters where, for example, the mother has been deserted by her husband, has two or three children, is unable to rent proper accommodation and is really living under slum conditions? During the summer the members from Vancouver city were shown quite a few dwelling places of that type. Is there any way in which steps can be taken to get a family like that out of slum accommodation and into either a wartime house or some other adequate accommodation? I presume there would have to be help from some local welfare organization, but is the dominion government in a position to give any assistance at all in such cases? I am afraid that under the new dominion-provincial housing plan, people such as those to whom I refer will not be covered at all. Could the situation not be met either from the emergency shelter fund or perhaps through the use of certain wartime houses? The number of families concerned is not large, but the cases are serious because the mother simply cannot make a move, and the children are the ones who are suffering the most.

Mr. Winters: The federal government's participation in the field of rental housing was, except for war workers' houses, only for veterans of world war II, and the houses are allocated on a priority system which takes into consideration length of service, number of children, ability to rent, and so on. Unless the case mentioned by my hon. friend is cloaked with that sort of veterans' preference, it would have to be a matter for some local social welfare organization.

Mr. Green: Could they not be helped under this emergency shelter administration vote?

Mr. Winters: In the emergency shelter administration, of course, there was also an element of veterans' preference; but in most

cases the administration was by the municipality, which gave consideration to the various aspects of the needs.

In reply to one part of the hon. member's previous question, I should say that there will be a much better opportunity for the type of family he had in mind to be housed under the new legislation than under the federal government's participation in rental housing.

Mr. Fraser: I was pleased to see in the press of yesterday morning the following item giving an account of the response of the Ottawa fire department to a call to a house on Chapel crescent. It reads as follows:

> The fire fighters were brought to 353 Chapel crescent when two workmen deliberately turned an acetylene torch flame against the wooden ceiling joists in the basement of the apartment block. The wood did not burst into flames because the ceiling had been painted with fireproof paint which only charred and turned black.
>
> Project supervisor Harold Graham then touched a lighted match to a metal drum filled with rubbish. Flames licked the walls and ceiling of the basement and smoke filled the combination laundry room and locker room. In less than a minute an alarm bell in the front hall rang loudly and a tenant telephoned the fire department, according to previous instructions. It was all part of a test demonstration of fireproof paint and a newly-installed fire alarm system being tested by Central Mortgage and Housing Corporation officials.

I wondered whether this paint was to be used on all the projects—I hope it is—across the country. I am glad that this department is more favourably disposed toward fireproof paint than the Minister of Transport. Because of the tests that have been made I feel that it should be used, and that all frame houses should be painted with fireproof paint. The national research council has certain formulas, the borax type, but there are other formulas which are excellent and which will stand up outside and in. I hope they will be used in these projects.

Item agreed to.

National film board, including the motion picture bureau—

388. General administration, including technical administration, $249,084.

The Deputy Chairman: Perhaps I should inform the committee at this stage that items 388, 389, 390, 391, and also supplementary items 891, 892 and 893, have to do with the national film board.

Mr. Fraser: Is the minister going to make a statement?

Mr. Winters: There is one other item, namely, 560, under loans and investments, which has to do with housing.

[Mr. Winters.]

The Deputy Chairman: Does the minister wish me to call item 560 on housing now?

Mr. Winters: Yes.

Item stands.

Loans and investments—Reconstruction and supply—

560. To provide for advances to the Central Mortgage and Housing Corporation for the construction and conversion of houses for rent to veterans and married members of the armed forces, including the acquisition and development of land, and the purchase of building materials, $75,000,000.

Mr. Green: This is a $75 million item. Perhaps the minister will explain it.

Mr. Winters: Mr. Chairman, this item is to cover houses built for the Department of National Defence, and also houses built for rental under the veterans rental program.

Mr. Green: It is entirely for the forces and for the Department of Veterans Affairs?

Mr. Winters: No; it is entirely for the forces and for rental to veterans.

Mr. Macdonnell (Greenwood): Mr. Chairman, I wish to say a few words about this item and about the national film board. The size of the item itself would warrant—

Mr. Fournier (Hull): This is not the national film board item.

The Deputy Chairman: We are now on item 560.

Mr. Macdonnell (Greenwood): I beg your pardon.

Item agreed to.

National film board, including the motion picture bureau—

388. General administration, including technical administration, $249,084.

Mr. Macdonnell (Greenwood): I am sorry, Mr. Chairman; I am just as bad in arithmetic as the house was this morning.

Mr. Fraser: I hope the minister is going to make a statement.

Mr. Winters: Before this item carries I think I should say a few words about the national film board.

The National Film Act was passed in 1939, and since this is the tenth year of its operation, it is perhaps fitting that I should make a brief statement before the committee deals with the board's estimates.

In its ten years of operation, the work of the board has become an integral part of the cultural and economic life of Canada. In a most creditable way the board has done its

job of interpreting Canada to Canadians as well as to people in many foreign countries; and, by so doing, it has stimulated tourist traffic, which has become a considerable item in Canada's economy. In this latter respect the board has been working increasingly closer with the Canadian government travel bureau. As the co-ordinator of film activities for government departments in accordance with the National Film Act, it has assisted many departments of government in carrying out informational functions assigned to them.

Many hon. members, I know, are personally aware of the wide public appreciation which exists of the work that the board has done, especially in the rural areas of Canada, and of the high quality of most of its productions.

The work of the board has, in fact, received unusual commendation on many occasions, and I think it only fair to refresh the memories of hon. members in this regard.

In 1942 the board was honoured by an award from the Academy of Motion Picture Arts and Science in Hollywood for its production of the wartime film, "Churchill's Island", which was produced in the "Canada Carries On" series. This was the only occasion on which a film produced in Canada has ever received such an award. There have been other awards in the meantime, and perhaps the committee would be interested in a few of the recent ones. Last April the board was awarded four prizes for its productions entered in the Canadian film awards presentation, which was inaugurated by the Canadian Association for Adult Education. In addition, a group of national film board films entered in the Edinburgh festival, an event where awards are not given, received considerable commendation; and within the past few months the board has won awards at international festivals in Brussels, Venice, and Cleveland. Hon. members may have seen a press report this morning that a film of the board had won another award in Italy.

Within recent months letters and resolutions expressing appreciation of the work done by the board have been received from the Canadian Federation of Agriculture, the Canadian Education Association, provincial federations of agriculture, home and school clubs, teachers' associations, medical and welfare associations, the Canadian National Institute for the Blind, the I.O.D.E., the National Council on Physical Fitness, the Canadian Council of Churches, the British Empire Service League, and others.

I mention this to indicate that the board has been turning out good films and receiving many expressions of appreciation, which do not always find their way into public print as often as criticisms.

It is a matter of regret to me that so many valuable employees of the film board should be obliged to work in an atmosphere of doubt, generated by the charges and criticism of one kind or another levelled at the board from time to time. In an attempt, therefore, to clarify the situation to the greatest possible extent, to answer unjustified criticisms, and to indicate what action is being taken to correct whatever deficiencies there may be in the board, I would like to make what should be construed as an interim or progress report.

The question of security in the film board was raised by the hon. member for Calgary East on Friday evening, November 18, as reported at page 1975 and following of *Hansard*. I promised to deal with it on these estimates, and I should like now to do so.

Hon. members are no doubt aware that the policy of the government respecting security within departments and agencies of government was authoritatively stated in the last parliament, on June 22, 1948, by Right Hon. J. L. Ilsley, who was then minister of justice, as reported at page 5630 of *Hansard*. I think it would be helpful if I repeated the concluding paragraphs of that statement. They are as follows:

> The government is of the opinion that loyalty to the state of employees in positions of trust is an essential aspect of the efficient conduct of public administration. Moreover, there are certain duties of such a secret character that the state would not be justified in employing for their performance any person whose trustworthiness is in doubt.
>
> Under the terms of the Civil Service Act and regulations, the civil service commission is required to satisfy itself as to the character and habits of persons appointed by it to government employment. These provisions do not apply to all employees or departments and agencies, nor do they relieve departments of their responsibility for satisfying themselves as to the suitability of individual employees from a security standpoint.
>
> The particular attention of heads of departments and agencies of government has been drawn to their responsibilities with respect to the reliability of employees under their charge from the security point of view. A procedure has been approved which will enable them to discharge this responsibility as a part of their normal administrative function.
>
> This is the position of the government with respect to security in relation to government employees generally. There is, however, the special case of those who are members of or associated with the communist party. The government is satisfied, from all the evidence available, that it would be a risk to the security of the state to employ such persons in positions of trust. For this reason, and in the discharge of its primary responsibility for security, the government has decided that no person who is a member of the communist party or associated with it shall be employed in work of a secret character. I may add that the same rule applies to those associated with fascist organizations.

I want particularly to emphasize one point. It is the statement that "there are certain duties of such a secret character that the state would not be justified in employing for their performance any person whose trustworthiness is in doubt." Hon. members will observe that it is merely a question of "doubt." In other words, the responsible head of the department or agency must be satisfied of the complete "trustworthiness" of the staff of that department or agency which is engaged in the confidential work.

It is a distasteful, nevertheless a most necessary aspect of public administration, that senior government officials and responsible ministers must, in Mr. Ilsley's words, satisfy themselves as to the suitability of individual employees from a security standpoint.

Exceptional care must obviously be taken in the case of those engaged in certain types of work. Naturally, there is a special obligation to protect the secrecy of any matter entrusted to us confidentially by the government of another country. I am sure all hon. members will realize this so-called security screening is not at all like a public examination of members of the public service, and that it is the kind of activity which cannot be carried on publicly, and which is by its very nature adversely affected by publicity. The whole purpose of this kind of inquiry would be defeated if the government were obliged to announce publicly that it was being carried on.

I notice that it is stated in an editorial in the *Financial Post* of November 26 that:

> In public affairs there is nothing that isn't the property of the public. The press is the public's representative in finding out and reporting how our business is being conducted.
>
> Trying to conduct public affairs in private is dangerous, and it never works for long.

There is no question that the administration of public affairs would be much easier if it were really true that in public affairs "there is nothing that isn't the property of the public". But the fact is that public affairs have to be carried on by men and women—and I refer here to public servants and not to elected representatives—who, having regard to the nature of their employment, are entitled to some privacy, as are other citizens. I wish there were no Canadians—happily there are very few—about whose loyalty to Canada there was any doubt; but nearly all hon. members know that is not the case.

The worst feature of all in this business is that we cannot wait for actual cases of espionage or sabotage or other offences; we simply cannot afford to employ or continue to employ persons about whose trustworthiness we have no definite assurance. But it would be a grave injustice to such persons—against whom there is no charge of wrongdoing, but merely the absence of satisfactory evidence of trustworthiness—to proclaim their names publicly and thereby injure their reputations and their chances of alternative employment. What I wish to emphasize is that it is not the government which would be hurt by publicity but the men and women whose reliability and trustworthiness are under examination; and nobody wants to be unfair and unjust to individuals.

This so-called screening of the national film board, which we hope to complete as rapidly as possible, is being carried on because another department of government wishes to entrust certain secret work to the board; and it is the routine duty of the board to satisfy itself and the government, by the most thorough inquiries, as to the trustworthiness of the staff.

I can assure hon. members that we are carrying out that duty with the fullest consciousness of our responsibility for the security of the state, and also our responsibility to respect, to the utmost limits of safety, the rights and freedom of the individual members of the staff of the board. And that, I am sure, is an attitude the house will approve.

Many aspects of the board's activities are being studied by the Massey commission, and as I have already stated in the house, a brief was presented to this commission by the film commissioner. In fairness to the Massey commission, as well as to the commissioner of the film board, I did not try to shape the brief to meet my views or the government's views, despite the fact that I was not in agreement with many of its recommendations. It seemed to me that it would not be in keeping with the spirit under which the Massey commission was established if the brief of the film board was merely a statement of existing government policy. In my opinion, what was wanted was an independent expression of views with which the Massey commission might deal as they saw fit.

Some question has been raised, especially in an article which appeared in the *Financial Post* on November 19, and which has been widely quoted, as to the effectiveness of what might be described as the business administration of the board; and I might add that before the article appeared I had myself, as chairman of the board, decided that an independent study of this aspect of its operations might be helpful.

It should be borne in mind that the film board's activities are carried on in nine separate buildings in Ottawa, because, despite the best efforts of the commissioner and the board, it has not been possible to obtain accommodation for all activities under one roof. Anybody who has run an organization will know how difficult it is to obtain unified control under such circumstances, and the worst feature is that operations carried on under such conditions are bound to appear to be inefficient, no matter how sound they may be in reality. The Minister of Public Works has promised to take steps with respect to accommodation, and, as a first step, has arranged to have new film vaults provided.

With respect to business administration generally, as I have intimated before, I felt it would be advisable to obtain a report of independent management consultants, and, to this end, after due consideration and discussion of the problem, the firm of J. D. Woods & Gordon, Limited, was retained on November 15, to investigate into and report upon all those matters which can be classified as business administration. I have, of course, not yet received a report; but I may say that my action was welcomed by the commissioner and the board, who are agreed that nothing but good can come from an objective and outside consideration of the business and administrative practices.

It has been alleged that the board is seeking a film monopoly and the destruction of the private film industry. I can state positively that the board has no such policy. On the contrary, it is the policy to encourage private film production in Canada. I believe most hon. members realize that the board carries out many film functions which might not otherwise be performed in Canada, and I believe, too, that there are many cases in which, by its work, it has stimulated private enterprise to undertake operations which it might not otherwise have undertaken. I believe the position in this respect can best be illustrated by one or two examples.

Early in January 1949 a representative of the Quebec Productions Corporation saw me in Ottawa, after requesting the film board to undertake the processing of certain films for his company. He subsequently wrote to me on January 12 as follows:

Dear Mr. Winters:

In view of the great efforts that have been made to produce "Un Homme et Son Peche" to the highest technical standards of quality possible and available in Canada, would you please reconsider the possibility of the national film board laboratory processing our first release prints.

It is with much satisfaction and deep appreciation that we have noted the high standard of production negative quality that your laboratory has produced for us. Its technical excellence is on a par with production laboratories in Hollywood, New York and London . . . a standard that could not have been attained at any other laboratory in Canada. If Canadian feature production is to move forward, this production laboratory quality must be maintained or we cannot hope to compete in world markets.

Although commercial laboratories in Canada do undertake release printing it is a generally recognized fact that even this process does not attain standards comparable to laboratories in other countries. It is therefore considered undesirable to entrust our first "show" prints to the vagaries and vicissitudes of a laboratory unaccustomed and undesirous of meeting present day motion picture standards of production.

Since the quality of our first release prints will be instrumental in interesting further Canadian capital to the motion picture production industry in Canada, we feel that the only alternative to protecting our future (if the facilities of the national film board laboratory cannot be made available to us) is to apply for permission to have our release printing done at a reputable laboratory in New York city.

As this latter alternative will require some necessary arrangements and preparation, if we are to abide by our releasing contract of January 29, could I take the liberty of telephoning you tomorrow morning for an answer.

Very sincerely yours,

(Sgd.) R. J. Jarvis,

Director of Production,
Quebec Productions Corporation

On January 15, after expressing my views orally, I replied as follows:

Dear Mr. Jarvis:

This will confirm our conversation (Jarvis, Newman, Winters). With due regard to the time factor involved and other special considerations, I am prepared to acknowledge the particular circumstances prevailing and to agree that the national film board shall process the first release prints at no cost to the government of your production "Un Homme et Son Peche."

It is desired to emphasize that the national film board does not propose to compete with privately owned facilities in this field. It is understood that you will bear this in mind and take whatever steps are necessary to ensure that the prints for succeeding productions will be processed by privately owned facilities. At any rate, it is to be clearly understood that I do not intend that the national film board shall process prints from ensuing productions.

I am forwarding a copy of this letter to the commissioner, national film board, so that he may be guided accordingly. It is understood that you will contact him to work out the necessary arrangements, financial and otherwise.

Yours truly,

(Sgd.) Robert H. Winters

I think that letter can leave no doubt as to the attitude of the national film board with respect to competing with private enterprise. Subsequently in February, 1949, Renaissance Films made a similar request for the film board to process their negative. The commissioner discussed the request with me and it was decided to advise Renaissance Films to contact Associated Screen News and reach an agreement. As a result of this

contact, a telegram was forwarded to the film board by the Associated Screen News as follows:

Mr. John Bigras of Renaissance Films Distribution Incorporated has requested that negative developing and daily rushes of their feature picture "Le Grand Bill" be processed by national film board. To this we have no objection.

In order to be perfectly clear on this point and to encourage privately owned laboratories to get in position to do their own work, the commissioner, after consulting me, wrote to Mr. W. J. Singleton, Associated Screen News, on March 21, as follows:

Dear Mr. Singleton:

I am obliged to you for your telegram of March 17, which reads as follows:

"Mr. John Bigras of Renaissance Films Distribution Incorporated has requested that negative developing and daily rushes of their feature picture "Le Grand Bill" be processed by national film board. To this we have no objections."

As you know it is not the wish of the national film board to undertake work of this kind for commercial producers in Canada but in the circumstances since it is desirable that the work should be done in this country rather than in the United States we will agree to do it. As I have informed Mr. Bigras, we certainly will not agree to undertake to do any release printing on the subject "Le Grand Bill" and we have also indicated our hope that it will be possible soon to make arrangements whereby work of this kind which the national film board is now called upon to do shall be done in commercial laboratories.

Yours sincerely,

Ross McLean

I hope that these letters will dissipate whatever doubt there is that the film board is trying to destroy the private film industry. As is so often the case, the film board is perhaps regarded more highly in every other country of the world where its films are shown than it is in Canada, and I hope that as time goes on more and more Canadians will develop a better understanding of the work of the board and a broader appreciation of its contribution to Canadian life. I think I can speak for all members of the board and for the commissioner and his staff when I say that none of us believes the board is perfect and that we are all anxious to increase its efficiency and to improve its service to Canada. It is my hope that the film board can come to be regarded without prejudice everywhere as an important instrument in the expanding life of Canada; and, to this end, we will welcome the constructive criticism and suggestions of hon. members on both sides of the house.

Mr. G. K. Fraser (Peterborough West): Mr. Chairman, I have listened with great interest to what the minister has said. I am pleased that he has brought down his estimates this year in time to permit a discussion of the different items. Last year and the year before we got these estimates in the dying hours or perhaps I should say in the dying minutes of the session and we could not properly discuss the different items.

For some years I have criticized the film board. I have not been hostile to the board but I have criticized it in the hope that it would produce better pictures. I believe that since I started to criticize the board it has been producing better pictures. I have had letters from men and women in Canada and the United States who know motion pictures and they have been definitely critical of the film board because of certain things that had been done. From 1945 or 1946 on I have tried to get the film board on a really solid basis and from what the minister has said it would appear that they are trying to get that way.

I do not think my criticism during those years has been unjustified as there has been much room for criticism. The minister has said that he has called in a firm of accountants and business managers to check the film board to see what changes can be made and what improved business methods can be put into force. I am glad this is being done. It is now almost four years since I first advocated that this be done and I am mighty pleased that this action is taking place.

The minister referred to the full-page article on the film board that appeared in the *Financial Post*. That article stated that a strip of film, I believe 94 feet long, could be prepared by a commercial firm for from $300 to $500 whereas the film board would quote $1,500 to $2,000. There must be something definitely wrong because in making its quotation the film board charges practically no overhead. I shall deal with that later on. I understand that the board charges only five per cent for overhead whereas a commercial firm would charge at least 20 per cent to 25 per cent.

In his statement the minister mentioned the fact that different organizations throughout the country have praised the film board. That is perfectly correct. There is no reason why they should not. In most cases these organizations are getting films absolutely free, although in some places different societies are asked to donate whatever they wish to the film council of the particular town or city where they have what is known as a film library. From such libraries these films go out, and sometimes there is a charge and sometimes there is not. These people get the films free and, as the minister knows, when something is given free of charge people will not criticize it. They think it is good and let it go at that, but the people who get the films free do not know that they are paying for them through taxation.

I have here Mr. Grierson's original report for the year 1939, and I want to bring home the fact that according to the report and what Senator Euler said on March 9, 1939, there was to be only one paid employee of the board. The people of Canada are beginning to realize that the film board is trying to create a monopoly in photography. They are definitely in that field. I will not say much about their motion picture operation, but as to stills it appears to me that the national film board is trying to create a monopoly. According to my information the film board will send one, two, three or four people to take still pictures almost anywhere in Canada. The taxpayers pay for them. The film board is not only stepping into the business of commercial photographers in Canada; it is also invading the field of press photographers and gradually squeezing them out of business.

An hon. Member: That is wrong.

Mr. Fraser: I heard an hon. member say, "that is wrong." It is not wrong; it is right.

Mr. Stewart (Winnipeg North): I say it is wrong.

Mr. Fraser: The hon. gentleman to my left is quite in favour of the film board because there are a number of members of the C.C.F. party employed there. That is one reason the leader of the socialist party got up in the house a year ago and raised high heaven because of the fact that the film board was withdrawing its office in Australia. Why did he do that? Because it was catering to a socialist government, and he hated to see that done. I have looked on the film board for some years just as I would look at a thumb tack, headed one way and pointed another. That is why they have not got proper employees. I have been informed that the staff of the national film board has been cut. Of course it has been cut since the drastic rise which took place in the first years after the war.

When the minister answers some of the questions I am going to put to him, I should like him to say how many were employed by the film board in 1948, and how many are employed at the present time. I should also like to know whether employees of the film board have been discharged since the Royal Canadian Mounted Police have been screening them, and how many have been discharged because of communistic leanings. As a result of the investigation by the management consultants, it may be felt that there are some people there who are not suited for the work they are now doing. In 1946 I said there were communists in the film board, and on May 1, 1946, I put a question on the order paper reading:

1. Is Bert Hughes an employee of the national film board?
2. If so (a) what position does he hold . . .

The third question was:

3. Are there any known communists employed by the national film board?

I understand that man was discharged shortly afterwards. Probably one reason why it is felt there should be a screening of the employees of the film board is that there was a man employed—I do not know whether he is at the present time—by the name of Kinnaird. He was a personal friend of the secretary of Sam Carr. The film board paid his passage and all expenses to The Hague when he went along with the secretary on the tramp steamer *Manchester Prince,* I believe it was. In 1946 and 1947 film board employees were busy clipping from different newspapers in Canada—I do not know whether they are still doing it—every article they could find in favour of the Russians. The director of the film board may not know it, but these clippings came from his office at one time, and that is what they were doing. They were clipping from the newspapers anything that was favourable to the Russians.

I understand that there is in the employ of the film board at the present time a man named Borneman—

Mr. Fournier (Hull): What is the name?

Mr. Fraser: Borneman. This man and his wife were prisoners of war on the Isle of Man during the last war. They were employed by the film board.

An hon. Member: What is wrong with that?

Mr. Fraser: In his statement the minister mentioned that the national film board had done a great deal to induce tourists to come to Canada. They have done quite a lot, but commercial films made by Warner Brothers and Crawley films have done as much if not more than the national film board. They have produced some excellent films. When the minister is answering I should like him to tell us how many men or women are employed throughout Canada at the present time as district supervisors, distributors of films, or showing films. As the minister knows, the commercial photographers have presented a brief. I have read it and I think it is a good one. The motion picture industry has also presented a brief. I hope that something will be done to eliminate the stills department of the national film board.

The minister mentioned the film series entitled "Canada Carries On". If they are still being produced I should like to know what the cost was for 1949 and also what the proceeds were. Now, that would be proceeds from the rental as well as the sale. I understand that the film board has been asked, or it has been suggested to them, that they discontinue that service.

On February 23, 1949, a question of mine about the transportation and travelling expenses of the national film board was answered. The reply stated that the amount for transportation was $10,283.79; meals, $89,-809.01. There is an amount for entertainment shown, $1,500, but I do not know what that would be for. This does not correspond with the reply I had on February 18, 1949, showing that the transportation costs were $100,283.79. I believe there is an error in the figures appearing in *Hansard* of February 23, 1949, and instead of $10,283.79, it should be $100,283.79; that should be corrected.

In the auditor general's report, under the heading "national film board", I find this:

> Unused film prints held for the board's use or for sale to others, as of March 31, 1949, had a book value of $39,922.39. As this was $18,304.57 less than inventory value, the profits on sales which went into revenue were understated by a like amount.

Will the minister tell us where that $18,304 went. I continue to quote from the auditor general's report:

> On April 26, 1949, the board reduced overhead charges on film production from 10 per cent to 5 per cent, with effect from April 1, 1948, but no adjustment was made on sales of films during the year 1948-49 to other government departments. $11,637.34 of the resultant surplus was credited to the vote for production of films instead of being deposited to revenue.

Will the minister explain that?

The minister mentioned the fact that these commercial companies are anxious to have the national film board process their negatives. If the overhead of the film board has been cut to five per cent, it is no wonder that a commercial company wants the board to do the processing, because the company can get them done so much cheaper than sending them to New York, as the national film board was doing until about a year ago. I should like the minister to tell us why that overhead was cut, and how he calculates the overhead cost. The national film board pays no rent for the twelve buildings or more which it occupies in Ottawa; the telephones are installed free, and the janitor service is free. They have no taxes to pay, and there are no taxes on any of their film coming into the country.

There is one other matter I should like to mention—I have asked about it before—and that is the still pictures. Last year the number of still pictures totalled 167,854, or almost 500 a day including Sundays. In that number is included a picture made by the national film board approximately 6½ feet by 12 feet. I should like to know what those large still pictures were. The figures I have just given refer to 1948. In 1949, there was a picture 70 feet by 80 feet, and there is one 72 feet by 80 feet. I am just wondering whether they were made for election purposes.

Mr. Stick: Did you get any?

Mr. Fraser: It would be a shame if you did.

Mr. Stick: I did not, but I am asking if you did.

Mr. Fraser: No fear of that. There are a number of other questions which I should like to ask the minister, but I think I have asked sufficient questions for the moment.

Mr. Stewart (Winnipeg North): Does the minister wish to answer those questions now, Mr. Chairman, or does he wish to answer all the questions at once?

Mr. Fraser: I would rather have the answer now.

Mr. Winters: The hon. member asked a great many questions, and I do not know whether I have all of them. First of all, he asked how many employees there were in 1948, and how many at the present time. There were 610 in 1948, and there are 573 today. He asked how many of them left the board this year. As I recall it, the number is 61.

Mr. Fraser: Were any of those screened out?

Mr. Winters: They left the board for a wide variety of reasons, most of them for personal reasons. The hon. member asked with particular reference to several people: Mr. Kinnaird, who resigned some time ago to go to the IRO; Mr. Hughes, who resigned in 1945; and Mr. Borneman, who left the board in 1947 to go to UNESCO.

The hon. member asked how many people there were in the field staff, and the answer is 68. He indicated that there was a brief submitted by the motion picture industry, but I believe the hon. member is mistaken in that. No brief was submitted by the motion picture industry.

Mr. Fraser: I should have said the commercial photographers.

Mr. Winters: That is correct, but no brief was submitted by the motion picture industry. The hon. member asked if the "Canada Carries On" series was still being turned out by the board, and the answer is yes. The cost last year was about $120,000. There were roughly twelve pictures turned out, at an average cost of $10,000 per picture. He

asked if there were any requests to abandon the series, and the answer is that no such request has come to the attention of the board.

Mr. Fraser: What was the revenue from that series?

Mr. Winters: I have no information about the revenue from it.

Mr. Fraser: The board ought to have that.

Mr. Winters: The hon. member quoted certain comments made by the Auditor General about the unused film prints in the hands of the board for the board's use or for sale to others. The explanation is that the manufacture and purchase of film is financed from a revolving fund which, unlike other appropriations, is carried on from fiscal year to fiscal year. While the sum of $315,000 was realized on the manufacture and sale of those prints during 1948-49, this amount was carried over the fiscal year, in order to provide a reserve for the acquisition of printing materials in connection with manufacturing prints.

The second comment of the Auditor General concerned the reduction of the overhead from ten per cent to five per cent. By way of explanation, I would say that the sum of $11,637.34 was credited to the vote for the production of films, because a similar amount had been charged to this vote during the year in connection with a number of films produced for other government departments, which had exceeded the estimated cost. This excess was absorbed by the national film board, and charged to its own appropriation.

The hon. member said something about the costs of the film board being lower than the costs of commercial companies, thereby making it attractive to the commercial film companies to have their work done by the board. I can assure the hon. member that the reverse is true. The charges are certainly in line with those charged by commercial processors. If anything, the film board charges a little more in order to discourage that type of work coming to the board. The hon. member will recall that I made it perfectly clear to private film producers that the film board does not want to do that work in competition with private industry.

Mr. Fraser: With regard to the sixty-one who have left, the minister gave me a partial answer. I asked if any of those had been screened out, and he did not answer that question.

Mr. Winters: Sixty-one people have left. If the hon. member wants to know if any of them were asked to leave the board because they were communists, the answer is no.

Mr. Stewart (Winnipeg North): I like the hon. member for Peterborough West, but there are times when he tries me sorely. He does it once a year when he gets on the subject of the national film board. He has made a study of this matter, but he has not done too much homework on it.

Mr. Fraser: That is all you know about it.

Mr. Stewart (Winnipeg North): When he said today that he felt he could claim responsibility for the film board having made better pictures, I felt that I should congratulate him, not on the result of his endeavours but upon his unmitigated egotism. That was a most surprising statement, coming from the hon. gentleman. It is only matched in other ways by his ignorance of the situation, when he said that the film board is trying to create a monopoly in still pictures, stepping into the business of the professional photographers. When I disagreed with him, his shattering reply to me was that there are members of the C.C.F. on the film board.

Mr. Fraser: There are.

Mr. Stewart (Winnipeg North): The hon. member says there are members of the C.C.F. on the film board. I do not know. There may be. I should like to think that there are. There are five or six hundred members of the film board, and according to the Gallup poll we have 13 per cent of the popular vote. One might presume that there are five or six members of the national film board who are intelligent enough to be supporters of the C.C.F. The hon. member said that the film board was trying to create a monopoly. The minister did not answer that allegation. Perhaps the hon. gentleman will correct me if I am wrong, but I am told there are some 1,700 members of the professional photographers' association and that the film board last year sold 1,733 prints, which does not appear to me to be terribly severe competition.

Then there was this inevitable question of screening. The minister said that screening is adversely affected by publicity. That is true. But I think we must also admit that an individual may be adversely affected by screening. I hope that everything possible is being done to protect the individual, because one can put an odd interpretation upon these words "associated with communists". We have here the Minister of Justice and by using in a certain way these words "associated with communists" we may condemn him. I know he did so in a perfectly innocent way, as did many members of this house

when we had a communist member of parliament here. In the Manitoba legislature when the Minister of Justice was there, there was a communist M.L.A. Are we to use the word in that sense or how is it to be used? How does one define the phrase "associated with communists"? I am merely pointing out the difficulties. I do not like the whole business. What I want to do is to protect the individual as far as possible from an arbitrary use of power.

Mr. Fraser: I should like to correct the hon. member. I know he will not mind my doing so. If I heard him correctly, he said that last year there were only 1,700 still pictures sold. In 1948, 79,544 were sold; and this year, up to September 30, 57,755 were sold.

Mr. Stewart (Winnipeg North): What the hon. gentleman says may be correct, Mr. Chairman. If so, I am wrong.

Mr. Fraser: Those figures are in a return tabled in my name.

Mr. Stewart (Winnipeg North): I should like to mention this to the hon. member for Peterborough West. Apparently there are some from his vicinity who have a certain appreciation of the film board, one of them being the editor of the *Examiner*. I now want to quote part of what the editor of the paper said on February 3, 1943:

> The film board has its enemies, and so far as we are able to judge, they are drawn from that small but determined element in the country which is hostile toward art and new developments in education, and which cannot think of the film board's work as anything but "movies"—a damning word, implying a type of entertainment foolish at best and downright immoral at worst. But disregarding such numbskulls, the film board also has its supporters, even among people who are not fully conscious of what the board is, or how it works; these supporters are the thousands in Peterborough county and similar districts from the maritimes to the west coast, who find in the showings of the film councils something to feed their minds, something to chew on, something to increase their knowledge of the world and particularly of our own large and varied country.

That is a statement with which I find myself in substantial agreement. I should like to congratulate the minister on two counts. In the first place, I think he was quite courageous in refusing to accept the submission of the national film board to the Massey commission, yet permitting the film board to continue with its presentation. I think he deserves commendation for that action. I am glad to hear one minister at least rise in his place in this chamber and defend this department which has been so frequently maligned. Today we have an attack on the film board, to some extent concerted, which is rather reminiscent of the attack by the Canadian Association of Broadcasters on the C.B.C. Where are the attacks being made? One would have thought that this film producers' association would have presented a brief to the Massey commission and there made their case against the film board. But they did not appear there. All that we have indeed is some lavatory gossip in a newspaper article which has been printed in the *Financial Post* and which has received wide publicity all over the country. I am not prepared to accept the veracity of this article at all. For a paper of the reputation of the *Financial Post* the article on the film board was a rather shocking piece of work. I am surprised that a correspondent who has the reputation that Mr. Kenneth Wilson has should lend his name to it because it is full of inaccuracies, half truths and untruths. I think the minister ought to answer these statements before he is through.

Some of the statements in the article leave the impression that the film board squanders money in the most merciless way. One charges that the N.F.B. shoots 50 feet for every one exhibited as compared with the 5 to 1 ratio considered to be the outside economic limit by the private producers. I am quite prepared to believe that there have been occasions in the film board when 50 feet of film have been wasted for every one produced. But I am also certain that these were the exceptions. If one is to read the article, one is given the impression that this is quite a frequent occurrence. We are told here that the N.F.B. forgot to record sound on a certain movie which was being taken. I suspect it was the film dealing with the ballet. They are accused of having forgotten to synchronize sound at the same time as the pictures were taken, and it is said that they went back to Toronto afterwards, hired an orchestra and a hall and then dubbed in the sound. Had the people writing this article had any special knowledge of the work of the film board or the work of film studios, they would have realized that it was far cheaper to tackle the problem in this way rather than to keep an orchestra for two or three days while the camera men shot the portion of the ballet which they desired to use.

Then an attempt is made to show that the revenues of the film board are only some $31,000. Mr. Wilson should know much better than that. The newspaper article states:

> Yet the public accounts show revenues of "proceeds of sales" in 1947-48 for the film board of only $31,000.

These are net figures. After the costs have been deducted that is the net profit which accrues to the crown. We are told here also that the national film board—and the minister

must answer this—is using political pressure to force the screening of its pictures in theatres throughout Canada. I think the minister can give a very simple one word answer to that.

Then we have the situation existing in the Department of National Defence. Here we have a department of government going to outside corporations to get its work done on films, and yet section 11 of the National Film Act states:

> All processing and production of films by and for government departments shall be undertaken by the bureau, except where the commissioner agrees that the work can be done through officers of other departments and that the results obtained will be technically adequate and economical, or where the board considers the use of commercial films advisable in the public interest.

I want to know whether the Department of National Defence approached the film board and whether it got permission to break the law. After all, if employees of the film board could go down to the United States atomic plant installations and there take photographs it is reasonable to assume that they were screened before they went. If that is so, why could not the same employees have been used by the Department of National Defence?

The national film board is accused of charging unduly high prices. Perhaps the minister can enlighten me as to the difference in price between productions of the national film board and commercial producers. Departments of government are alleged to have stated that they are unable to get a firm bid from the film board. I should like to know the truth of that. According to this article in the *Financial Post* there are complaints from the theatre people that films are slanted. I should like to know where these complaints come from. Then of course there is this outrageous statement that the hon. member for Peterborough West made about the national film board being a continuing threat to every professional photographer in Canada. I do not think that such is the case.

Mr. Fraser: But it is.

Mr. Stewart (Winnipeg North): I have asked several questions of the minister which will perhaps keep him engaged for a moment or two. Let me repeat what I said. I think the film board is a most useful adjunct of government in this country. It has done a first-class job through the prairie provinces, and I am inclined to think in other provinces as well, and it is one which, instead of being hamstrung by this cavilling criticism, should be helped in every way possible.

Mr. Macdonnell (Greenwood): I wish to make a few remarks about this item. I listened with great interest to what the minister said, and with much of it I am in agreement. In any event, I think we would want to take a scrutinizing interest in this item, which is a large one; but there are three special reasons for our doing so. First of all the article which has appeared in the *Financial Post*—and I should like to say here now that I do not think the hon. member for Winnipeg North was at his best when he referred to a journalist of the standing of Mr. Wilson, whose standing incidentally he did admit, and spoke of his work as a "shocking piece of work" and as a bit of "gossip". I notice that the minister, while he perhaps qualified some of the statements that appeared in the article, has not undertaken to question its accuracy. I think Mr. Wilson's reputation would stand up against anything that has been said by way of criticism. I do not think that is the way to deal with this matter at all.

The second reason why we should be careful in our scrutiny of the board and of its activities is the brief which was presented to the Massey commission, as to which I shall say a word in a moment. The third reason is the incident which we all remember, and which happened in this house some two or three weeks ago.

When we are considering the film board we should remember that it is an agency and activity of government. I noted what the hon. member for Winnipeg North said about the minister dissociating himself from responsibility for the brief. That attitude of the minister was interesting. In one sense I agree with the hon. member for Winnipeg North in what he said on this but in another sense we must face the fact that the government cannot really dissociate itself from it because it is an agency and activity of government.

At the very outset I want to say that I believe in educational films. So far as artistic work is concerned I believe a great deal of good work is being done. I would not like to qualify a single word that the minister has said. People more competent than I hold these views. I am very sympathetic to the work that is being done. Nothing that I shall say this afternoon should be construed in the slightest sense as hostile. But the question is: Who is to be responsible for the production of this work? That seems to me to be the question and a very important question, and it is in that light that I wish to say a few words about the board.

First of all I wish to quote briefly from the article that has been referred to. I shall quote part of the act governing the activity of the

board; and while this may not be a full statement of the purposes of the board, nevertheless it is quoted and I quote it now. The role of the board as set forth in the original act provided that it:

1. Shall advise upon and approve production, distribution and exhibition contracts and agreements in connection with film activities of the several departments of government and in respect of these act as intermediary between such departments and commercial firms.

2. Shall advise upon all departmental expenditures in the production, distribution and exhibition of films.

We hardly recognize the board in its present activities as emanating from such a rather modest beginning. The board has certainly grown. If I am correct in saying that it was originally intended as an intermediary, it has now become a principal. We now have a new kingdom and the king will want as many subjects as possible. I feel that in certain quarters there is the belief that the board as it now exists has become in no sense an intermediary for the other departments.

The article says:

It is now contended that instead of acting as adviser, confidant and intermediary, the national film board too often appears to be working in the opposite direction and to be concerned with extending itself into a big movie producing outfit.

For the moment I am not saying whether that is good or bad. I am just saying that we want to be clear on what we are doing, and not slip into a situation into which we do not intend to slip.

One of the things on which the minister was quite silent, and I am sorry he was, because it was one of the points in this comprehensive article, was the attitude of other departments to the board which, as I understand it, seeks to become an independent organization, and not have any of the limitations or disabilities of an ordinary government department. I understand that is one of the things they desire. I should like to quote one or two things which were said by other government departments because I think it is desirable that we should know just what the attitude is. After all, surely it cannot be healthy to have this board working, so to speak, in a jealous relationship with other government departments and in a state of disharmony.

This is one of the quotations given by Mr. Wilson as coming from one of the critics:

Instead of being helpful and co-operative in finding a solution to the department's problem, the national film board by its methods left a bad taste in its wake; antagonized a lot of people in the very arena where it is supposed to be the intermediary. And, incidentally, it caused a long delay in an important promotional program for Canada.

In particular I want to refer to what has already been adverted to by the hon. member

[Mr. Macdonnell (Greenwood).]

for Peterborough West, namely, the relationship which developed in the Department of External Affairs. It appears that the national film board had established its own offices in Australia.

Another and important controversy affects relations between NFB and the Department of External Affairs. In the NFB brief to the Massey commission the point was made that NFB offices in Washington and Sydney, Australia, were closed last year because of "budgetary restrictions" and that "a part of the work they performed is now undertaken by the Department of External Affairs."

The point at issue here, in the view of External Affairs, is that while it has been looking after distribution of NFB films in these and other missions abroad, it has no control over what is distributed. And since Canada's relations abroad are its prime responsibility, it should have more control over the type of material it is required to distribute for NFB.

And that is just the situation we are running into, where a senior department of government finds itself in this relationship. Briefly I would summarize by saying that here are some of the points made by some government departments by way of criticism:

1. High prices and special charges.

2. Lack of co-operation. ("You get just what they want to give you," says one official.)

3. Inability to get a firm bid or price.

4. Long delays and unbusinesslike methods.

I should like to interject that I was glad to hear the minister say he has engaged the services of what I consider to be a very reputable firm, and I should think it would be very useful in the matter of improving business methods.

I said a moment ago that the board is going to expand. Certainly the brief before the Massey commission would indicate that it is seeking to expand in a big way. Let me read just one brief paragraph, because I think it is important and because I think it indicates that this board is getting very far from what I understood to be its original purpose. It indicates that it is now really seeking to be an over-all propaganda agency. And when I say "propaganda" I am not using the word in any invidious sense at all. All I am saying is that when people are put in the position of directing publicity to other people, inevitably their own feelings become involved. Here is the paragraph:

In defining its approach the NFB brief said: "The prime duty of a government agency in a democracy is to explain and illuminate, under parliament, the common objectives of the people. Its function is to stimulate and strengthen the processes of representative government, to reinforce a sense of community, and to emphasize not only the privileges but the responsibilities of a free society."

That sounds all right. From one point of view no one could object to a word in that. But I would point out to the committee that if one were to take out two or three words—

for instance, if one were to delete the words, "under parliament", and delete the word "representative" and the word "free"—it would be exactly the kind of policy the dictatorships used. A dictator could approve of all that, with the exception of those three expressions.

What I am saying is that before we slip into a situation of that kind it is time for us to stop, look and listen. It is time for us again to make up our minds what this board has to do and what it has not to do.

Let me say again I do not wish to be misunderstood. No one has a greater appreciation than I have of the excellence of the artistic work being done. My question is whether it all needs to be taken out of the control of the other departments, and whether they have become practically the servants or, at any rate, inferior in their relationships to the board, instead of having the board as an adviser, as was the original intention.

As a matter of fact, my feeling is that I would not want the board, even if it were staffed by angels from heaven, to be put in a position of a propaganda agency—that is what their claim involves—and going ahead and sending out its material to the people of Canada, so far as we can see now, under its own steam, and without any scrutiny of any kind. The minister, with his multitude of other duties, cannot give all his time to it.

I come now to screening, the question aired in the house some weeks ago. I agree with everything that has been said about the difficulty of the problem. Those of us who can look back a little longer than we would like can look back to a world when screening was a thing not dreamed of in our philosophy. We thought it might happen in a place like Russia, where they had to have such things as passports. I was one of the last to believe that it could happen here. I came to that conclusion very unwillingly. We have to deal with it as best we can, realizing it is necessary.

In the light of that, it seems to me that a very lamentable situation was disclosed here two or three weeks ago. We will remember the different explanations given. We will recall that the Minister of National Defence very frankly admitted the difficulty he had got into. I think he was frank, and I commend him for it. But from that point on it became more and more obscure. We could not find out just how the screening was being done. As I understood the Minister of National Defence, he thought first of all it was done by the R.C.M.P. But the Prime Minister told us no, that the heads of departments had to assume the responsibility. I propose to say a word about that, because it seems to be a very difficult position in which to place the head of a department. I wonder whether it is a wise position to put him in. At any rate, the Prime Minister told us that, and the Prime Minister deprecated that this had, as he said, leaked out.

Well, reference has been made this afternoon, in a more critical fashion, to what the Prime Minister said. I suppose the truth is that there is something to be said on both sides. None of us want people to be damaged in their reputations. One is sympathetic with what the Prime Minister said. On the other hand I think the difficulty here was caused by delay—and I want to know more about that.

It seems to me we have had many months during which it is fair to assume or to draw the inference that nothing happened. Let me go back and put the case as I see it. This is not new. It is three or four years now since we knew that this problem faced us. If I remember correctly it is a year and a half since Mr. Ilsley spoke in the house dealing with this unpleasant duty which had to be faced, and indicating how it was to be faced.

Now, in December of 1949, we are told that this screening has not yet been completed. I am going to suggest that the best deduction I can make from various things that have been said—and I am going back to what the Prime Minister said; if I am wrong I am ready to be corrected— is that it seems to me clear that the R.C.M.P. have finished their job, probably finished it some time ago. Where has the information been since? The Prime Minister said that either the minister or the deputy in the case involved had to take the responsibility. That is a horrid responsibility to have to take.

I suggest it is a difficult thing to go to a man and exercise that responsibility over him, when you are working with him from day to day in close relationship. I do not think you would be competent to do it. How is it possible for you to believe that the man with whom you are associating every day, and who probably comes to your house, and with whom you have lunch or dinner—how can you possibly think that Bill or Tom can have anything wrong with him?

I am not competent to suggest exactly how it could be done; but I am convinced that if we knew all the facts, the reason we are in this difficulty, and the reason for this unfortunate disclosure two or three weeks ago, would prove to be that this information was available, but that it was not acted upon, or that it was too difficult for people to act upon, and that it just stood for months.

If that is so, then I say it is a most regrettable situation. We have been forced to the

position of realizing what can be done even in apparently the most settled and happy communities by a ruthless minority. I imagine most hon. members in the house have read the book "It Can't Happen Here". If they have read it perhaps their feeling was the same as mine, and the same as that of every other person I have discussed it with—that is, how easily it could happen anywhere.

I think in this case we are entitled to know. I do not think we know yet and I think our minds would be relieved if we could be told just why this matter hung, as evidently it did hang, if not for years at any rate for a great many months. The Prime Minister regretted the publicity. My answer to that is that if this had been dealt with as it should have been dealt with it might have been that the situation disclosed, and in my opinion properly disclosed by the *Financial Post*, would never have had to be disclosed and the hon. member for Calgary East would never have had to raise the matter and the damage which has been done would not have been done.

I think we are entitled to know certain things from the minister. I think we are entitled to know what the government intends to do with regard to this film board. Let me say at once that I believe this board is doing a good artistic work, and here I should like to say something which I intended to say but forgot to say. I think there is a real danger lest artistic people, people who have gifts for this kind of work which most of us lack, be misunderstood. There is great danger that we more pedestrian people, who perhaps do not understand them as well as we should, may be unfair to them. I am the last person who wants to be unfair to them, but nevertheless a situation exists. The hon. member for Winnipeg North Centre deprecates the talk there has been. Why deprecate it? We are not going to get rid of it just by being sorry. We are going to get rid of it in only one way, by dealing with it in a forthright fashion.

As I understand it, the film board is miles and miles away from what it was originally intended to be. Maybe it is better as it is now, but I think we are entitled to know what it is going to be. I think we are entitled to know whether this board with the government resources behind it is going to build up a huge movie industry. We are also entitled to know more about the relationship of the board with private business. I think the minister rather glossed that over in a pleasant way and I think I detected him using one or two phrases from the brief presented to the Massey commission. If I do him an injustice in saying that, the wording was quite similar and perhaps there was just a little telepathy with some of the members of the board. At any rate, that was glossed over and I do not think it can be glossed over as easily as that.

I should like to ask the minister a few questions with regard to costs of production, because I think that matter was also glossed over. First, I think we are entitled to know what is to be the scope of this board. Am I correct in believing that it is now carrying on functions far beyond those which it was originally intended to perform? I have not seen any legislation authorizing what is being done. Then I think we are entitled to be taken more into the minister's confidence with regard to this screening. I say that with particular regard for those concerned because until this question is settled, and satisfactorily settled, this murmuring which we all dislike so much will just go on.

Mr. E. G. Hansell (Macleod): Mr. Chairman, I should like to say a word or two on this item dealing with the national film board because of a certain note which I have detected in the discussion this afternoon. I am sure that no one would object to an institution such as the national film board when its duties are to build up a strong Canada, when its policies are to portray a Canada that will bring honour and respect to this nation. I am sure that we all desire such an institution to be effective. But if it is to be used for anything else, if it is to be used to produce a mentality in Canada which is foreign to the free democracy we love, then it becomes a dangerous institution.

Much has been said this afternoon and in previous discussions and also in the press about the necessity for screening. The Minister of National Defence has been criticized for the statement he made the other day in respect to the securing of another film organization to do certain work which some people thought should have been done by the national film board. This committee is not ignorant of what I am talking about. Personally I did not criticize the minister. As a matter of fact, I would compliment him upon being courageous enough to make that statement and bring to light what his officials regarded as being a necessary step.

If there is any criticism at all it should not be levelled at the Minister of National Defence, it should be placed squarely on the shoulders of previous administrations which permitted a force which seeped into almost every department of our national life, and which produced an attitude that flirted with communism. I am not going to be too harsh with respect to that one point because during the war years it seemed to me that many people and institutions, and perhaps, speaking largely, the nation itself, were caught in

the net of public sentiment which was spawned by the clever, subtle, intellectual high command of the communist forces. This was brought to our attention quite forcefully just after the spy commission report was made.

That report by inference, if not by direct statement, cast some little reflection upon the national film board. Let us look at these things squarely. Let us remember that the same intellectual high command of the communist forces had a particular purpose in mind in those days, and still has that purpose in mind although perhaps there has been a change in public sentiment. Nevertheless, if the purpose of that intellectual high command was to infiltrate and attempt to mould the mentality of our people, does anyone suppose for one moment that it forgot all about the institution known as the national film board? It is all very well for someone to say: Oh, well, we are watching that carefully and we cannot put our finger on anything. We hope they cannot. Side by side with that hope, we trust that the intellectual high command was not so subtle and so clever as to be able to accomplish their purpose without anyone being able to put their finger upon any particular danger spot.

Much has been said about the matter of screening, and I am in full sympathy, as others are, with the idea that no individual should be harmed by any such process. Nevertheless, let me ask this question, and I think it is one that should be asked. Why should anyone who is loyal to Canada and our democratic way of life; whose loyalty is pronounced in any way, have any reason to fear a screening? That is the point we must remember. I will tell you the man who has reason to fear in these days. He is the individual who dares to make a real stand against the enemies of democracy; the man who refuses to pull his punches when he thinks he has an opportunity to expose the enemy. That is the man who has reason to fear. Some of us have given a little thought to this matter, and let us remember not to underestimate the possibility that "it can happen here". Let us not forget if it does happen here some people will have to pay the price, and it will not be those who fear screening but those who dare to take a stand against infiltration, no matter how costly it may be to take that stand. They are the people who will have reason to fear. They are the ones who will be sent to a concentration camp if it ever happens here. They are the ones who have to consider what may happen to their families and loved ones. In addition they run the chance of character assassination that takes place even in these days. These are the valiant individuals who have reason to fear.

Much has been said, and I must say it has come pronouncedly from socialist forces, as to the reluctance to carry on what they are pleased to call a witch-hunt. Let me suggest that the only people who have any reason to fear a witch-hunt are the witches themselves. I do not think anyone wants to see the national film board cease operations.

Mr. Murray (Cariboo): What about Hollywood?

Mr. Hansell: What about Hollywood? It is permeated through and through with communist forces. I have not on my desk my file concerning Hollywood, but I assure you I have a file on that too which I would not part with for a good bit of money. My file on Hollywood is not for sale. The intellectual high command of communism knows the value of propaganda. There are two institutions in Canada that are the most powerful media of propaganda we have. I refer to the motion picture screen and the medium of radio. When I say that, I suppose someone will jump up right away and say: Oh, casting reflections upon films and radio. I cannot help that. The thing is that they are media of propaganda, and they are the first fields that what I call the intellectual high command will seek to influence. I agree with the hon. member for Greenwood that the minister cannot absolve himself of all responsibility in this connection. If he thinks he can, or if there is any move made to relieve him of that responsibility, we had better see that it is put right on his shoulders because there must be responsibility on government shoulders to protect Canadians from having filched from them our own free democratic concept and way of life.

Mr. Croll: Mr. Chairman, I have a few words to say on this matter. First of all I want to direct attention to a statement made by the hon. member for Peterborough West. He started out by suggesting that the film board was an inefficient organization. Then he said his criticism had improved its efficiency from 1945 onwards to the point where it was now doing quite good work. The hon. member for Greenwood spoke of extravagance. The expenditure of the film board is, as indicated, about $2 million. One million dollars is spent on the distribution of films, and another million dollars is spent on the cost of production. I think the house should know that it costs at least $1 million to produce an A film in Hollywood. Nevertheless we only allow $1 million to the film board to

carry on all its work in addition to the distribution of films. Many millions of people see these films every year.

What I thought was the most serious suggestion was made by the hon. member for Greenwood who referred to the film board as a propaganda agency. I think for a minute we should make an examination to see just what sort of agency it is. What is the film board doing? It is true that it has produced a great number of films dealing with better education in an effort to show people how to live better, how to increase health standards, and what better housing means to them. It sends out films dealing with citizenship and better medical care. If that is propaganda we should have more of it in Canada rather than less. Then, of course, there is the usual bogey that the film board is being screened. Well, what is wrong with that? If the film board or any other government department, because of the restricted material used, should be screened, then let us go about the business of screening them. We could vet them and process them, too, for that matter. They are not objecting.

Yesterday mention was made of screening the members of the C.B.C., but there was no uproar in the country at all. There are other departments that are being screened, but the minute it comes to the film board there are a lot of oh's and ah's and lifting of eyebrows, without any valid reason. I believe it is about time the film board got a bill of good health from this house, once and for all. We ought to stop that—

Mr. Fraser: Wait until it is healthy.

Mr. Croll: It is healthy enough for the hon. member. He said it had improved in health over the years.

Mr. Fraser: Yes, it has improved.

Mr. Croll: Well, then, it is healthy. There is in my city a film council whcih is the largest in the world. There are people from educational groups, service groups, home and school, and church groups, who take an active interest in it. They are the people who believe it is good business for us to show Canada to Canadians. Last year in Ontario there were 31,947 bookings attended by 2,698,461 people. I ask this house, is that dangerous? Is that bad for this country? It is better for the people to be looking at these films than listening to that radio drivel, like "John's other wife", the singing commercials, and some of those patent medicine gospel singers.

The film board needs a little understanding. The member for Greenwood touched upon it.

[Mr. Croll.]

These people are a little different from the average civil servant. They are artistic people, creative people, imaginative people; they are wrapped up in their work. They are zealous. They do not press their pants nor comb their hair as often as some people would like them to. Being different is no crime in this country. As a matter of fact, when we examine our own family, we find that there are those who need a little more understanding than the others. Perhaps in those people we can light a little spark of something that may be creative; we can awaken an interest in them. We ought to encourage that sort of thing in Canada.

This is the first time I have taken part in this discussion. From the debate I have gained the impression that there was not a direct attack against the film board, but there seemed to be a sly attack made by private interests on this great public agency that is serving the Dominion of Canada. If it had been a bad agency, no one would have paid the slightest attention to this film board, and it would have died. Because it is good, it is attacked and slandered at every opportunity by certain people in this country.

Last year the film board won some prizes to which the minister did not refer. I believe I should take a few moments to refer to them. They made a film called "Ski Skill", and one called "Hot Ice" which won an award for sports films in Italy. There was another film entitled "Vegetable Insects" which won the first prize. There were the films "Hen Hop" and "Fiddle-de-dee" which were awarded prizes at Brussels. Another film entitled "Chante Jeunesse", which was made by a constituent of mine, won a prize at Venice. It has been said that a prophet is not without honour save in his own country and among his own people.

I say frankly to this house that I do not like to see the film board or any other agency being kicked or pushed around. I do not like to see these red-herring tactics being employed. It is time we started encouraging the creative young Canadians. The Canadian National Exhibition, which takes place in my city, is one of the largest, and is viewed by a large number of Canadians. Think of it; as an indication of Canadian culture, we present such trash as Olsen and Johnson. That is no indication of our culture, and our art. How are young Canadian entertainers going to develop if we do not encourage them in our own departments, in our own government. We are making a serious mistake to be overly critical.

I do not need to tell this house how easy it is to destroy, and how hard it is to build. We have to be measured in our attacks on this or on any other government agency. What I object to—it has not happened so much in the house except by innuendo—is the smear tactics used by some people outside. I know full well, and I believe people who are acquainted with the film agency know quite well, that the film board speaks eloquently for Canada. I ask this house to encourage it. I ask this house to expand it. In this film board, we have an organization of which we can well be proud. Criticize it—I am in full agreement with that—but let us make sure our criticism leaves it with more and not with less reason for pride. I appeal to this house to give the film board the ordinary fair play we give other agencies. It is ten years old, and it has been able to stand on its own feet. It has been able to do a great deal, particularly for rural life in Canada. I think we ought to encourage it rather than hamper it.

Mr. Harkness: I came here with notes for a fairly lengthy speech, but I find most of it has already been made by other people, so I shall be quite brief. I had a considerable number of questions, but a large proportion of them have been asked. Two or three speakers have referred to the rather definite charges which were made in the article appearing in the *Financial Post*. There were four complaints by government departments against the film board, and those have been mentioned. In addition to that, there were listed three definite complaints by commercial picture makers. It was said that the film board made use of political pressure; that it wasted public money through inefficient production methods; and that they used discrimination as regards allowing commercially made films to be shown on certain circuits. When the minister replies, I think he should answer those seven definite charges.

Since that phase of the matter has been thoroughly covered, I shall say no more about it. I might say that, unlike the hon. member for Peterborough West, who has made such a study of this subject for the last four years, my knowledge of it is not detailed nor complete. For that reason, I should like the minister to answer the various questions he has been asked by the committee, particularly those covering the seven charges. I should like to comment briefly on the remarks of the member for Winnipeg North. To a considerable extent his speech consisted of an attack on the member for Peterborough West and other members of the house, because they were criticizing the film board. In my opinion it was an intolerant speech delivered in an intolerant manner, a manner which I am sorry to say too often characterizes the members of his party. This does not apply to all the members of that party by any means, but it certainly applies to some of them. Some of them seem to believe that all knowledge and all right thinking lie within themselves. Anyone who disagrees with them is wrong and damned.

The hon. member for Winnipeg North reminds me of my Scotch ancestors, who believed quite firmly that the only way to heaven was through the Presbyterian church. Anyone who did not belong to that church was headed for an extremely hot spot, indeed. At least, I have gathered this from reading certain letters and works. I can imagine the hon. member for Winnipeg North, if he had lived 300 years ago, delivering himself of those same sentiments, in much the same manner as he did this afternoon. I should like to say to him and to the hon. member for Spadina that those of us who criticize the film board do not for a moment believe that there is no good in it. There is much good in it. It has done valuable work particularly with regard to circulating films in rural areas. For that work I should like to commend it. But the fact that it has done certain good work is no reason in the world why we should cease to criticize it for things that we think are wrong and bad. If the method of criticism which we employ is based on the old biblical adage "Spare the rod and spoil the child", it is a widely-accepted method of criticism and discipline, and I do not think anybody should complain because we employ it.

I should like to say something about screening. When the discussion of the estimates of the Department of National Defence was going on, the minister of that department said that it was not until May of 1949 that the film board was looked upon as vulnerable and thus needing to be screened. Apparently a "vulnerable" person means a person who is in a position in which he might do some harm if his political sentiments were not correct and therefore some attention needs to be paid to him from that point of view. It seems to me to be a peculiar thing that the film board was not looked upon as vulnerable until May of this year. The policy of instituting security measures certainly was put into effect earlier than that. The fact that certain people whose affiliations were suspect, to say the least, had been employed in the film board, —and some of them were still there apparently—should have been a reason why some screening of the film board should have

been done before May of this year; that is my opinion. In fact, the delay in this matter is quite unexplained, and needs explanation. That is one point I wish the minister to touch on.

It was stated at the same time that screening of the film board employees had been going on since May, and that the situation should be cleaned up fairly shortly. There was, of course, a considerable amount of difficulty over what screening meant. We received a couple of explanations. It finally developed that the Minister of National Defence, to begin with, was speaking of screening as the work being done by the R.C.M.P. The Prime Minister said that was only one step in it, that the actual screening was done by the heads of departments. As a result, we perhaps did not get just as definite answers and as definite information as we should have had with regard to some of the questions asked as to when screening was done, how much was done, and so on and so forth. I think this is the time for the Minister of Reconstruction and Supply to clear up these uncertainties which still exist. As a matter of fact, the statement was made in the house that this screening was still going on, and I believe the minister repeated that statement this afternoon. My private information is that the screening of the film board, so far as the R.C.M.P. are concerned, was completed some time ago and that it is not still going on.

Mr. Winters: The hon. member's information is wrong.

Mr. Harkness: Furthermore, my information is to the effect that as a result of the screening by the R.C.M.P., there were between 40 and 45 of what are known as "rejects". In other words, I take it that that means people who, the police reports would indicate, were not fit to be entrusted with matter of a secret nature for the Department of National Defence or any other department which had secret matter to film.

Furthermore, I have been informed of something else. I should, of course, like answers to all these questions. I do not know whether or not this is correct, just as, at the time this matter was first brought up, I did not know whether or not the allegation that the Department of National Defence would not entrust classified work to the film board was correct. I do not know whether these things are correct, but I have had information to this effect also, that with regard to these people who are classed as "rejects", the film board is now in the process of trying to transfer them to other departments or to other parts of the government service. If that is correct I would take extremely serious objection to it. It seems to me that a person who cannot be trusted in one government department, because of communist leanings or anything else along that line, cannot be trusted any place in the government service. It does not matter what particular position a man holds in the government service, opportunities exist for sabotage and for undermining the way of life of the people of this country. I should think that the last thing that ought to be done is to transfer to other departments of the government, into positions where it is presumed there will be no opportunity for subversive activities, persons whom the film board or any other branch of the government is not prepared to keep, on those grounds. The very idea of that sort of thing of course seems remarkable, if it is actually taking place.

When the minister was speaking, I noticed that he quoted something from a speech by Mr. Ilsley when the security measures were first introduced, and in which occurred a phrase to the effect that the government will not employ in positions of trust members of the communist party or people affiliated with them. I should like to know whether the government is prepared to employ people of that kind in positions of any kind. This business of saying "in positions of trust" is all very well; but as I said a moment ago, I do not believe that people of that kind should be employed in any capacity. They should be removed from the government service altogether. The government service certainly should not be a place in which people who believe in a way of life different from ours, and who believe in overthrowing our system of government by force, should find a means of making their livelihood and opportunities to spread their own particular ideas and faith.

I have a number of short specific questions which I wish to ask the minister, but I shall leave them over until he has replied to the various questions I have already asked.

Mr. Coldwell: I do not want to delay the committee, but I desire to say a word on this matter. First of all, I greatly regret that over the last few years the house has not been given an opportunity to set up a committee before which the national film board could appear and tell the house and the country what it was doing, and where members of parliament would be given an opportunity to inquire into its activities. Because of that fact I believe there has been in the country, with regard to the film board and its employees, a great deal of discussion that has not been particularly well informed. In some quarters it is fashionable for people

to classify as communist everyone whose views differ from their own; that is a fashion that I hope will eventually pass, but many people suffer because of it from time to time. I think there should be no objection whatsoever to the screening of the employees of the national film board or of those of any other department. One of the things that puzzles me is that, when it was said that an assignment had been given to a private corporation, there was no outcry that the members of that corporation had not been screened. I say to the committee that while there is considerable danger from the activities of those who follow the principles adopted in the Soviet union, we must not forget that there are others, some of whom are violently opposed to the Soviet union, who are right on the other side and are equally dangerous to our democratic institutions.

Those of us who have followed recent events in Europe know that it was very easy for some of the leading nazis in Germany to find a place in the communist party and in the communist movement when the Russians entered that country, and to occupy even positions of trust in the eastern part of Germany when it was taken over by the Russians. I could recount several instances of that which have been told to me by people who fled from that area because they were neither communists nor nazis.

We have to remember that from time to time we get symptoms of the fascist mentality in this country. In a question he asked this morning the hon. member for Winnipeg North referred to the situation in Dresden, Ontario, where coloured people, old citizens of this country, are being discriminated against. Another instance is the spread of anti-semitism that we have had in this country over the years. Therefore we should not confine our activities to just one sort of subversive movement or subversive element. If we are looking into that kind of thing at all we should look into other elements subversive of our democratic way.

In my opinion the film board has done a fine job in many respects. As the hon. member for Spadina said a few moments ago, it has interpreted Canada well to many other parts of the world. Its films are shown in thousands of theatres in the United States and South America, as well as in the United Kingdom. The film board has given this country very noteworthy and very good advertising. As to its work in the rural areas, those of us who have knowledge of that work and of the circuits that have been promoted by the national film board realize what a fine job it has done of interpreting one part of Canada to another and of giving our people an idea of what might be done in this great country. A friend of mine in Great Britain wrote some months ago asking me whether I had seen or heard the Winnipeg choral festival. He said that he had the pleasure of seeing a film of the Winnipeg choral festival somewhere in Great Britain. He mentioned how delighted they were from time to time to get some idea of what was being done in this country, not only materially but in a cultural way.

While I have no doubt that there are many aspects of the film board's work that could be criticized, yet there are many aspects of it that could be strengthened by proper constructive criticism. It is a great pity that when we have an organization of this sort—and the same applies naturally to our Canadian Broadcasting Corporation—there are elements in this country, and I am not criticizing my hon. friends, who want to tear it down and destroy it because they feel that it interferes with some vested interest that they may have. Perhaps the minister might tell us the extent to which the national film board's finances have been depleted by giving to private corporations, on account of reductions in staff, and perhaps false economy, some of the work that should be done by our film board. We should see this problem in perspective. My suggestion is—and I have advocated it in the house—that we should set up a committee which would look into the operations of the film board, and see to what extent the criticisms are justified and to what extent improvements can be suggested, and to give this organization an opportunity to develop, not as a propaganda agency—goodness knows if I thought it were a propaganda agency I would be opposing it—but as an educational facility. From what I have seen of the film board's films, and I have seen a good many of them, there has not been any party political propaganda in them. So long as it continues to interpret one part of this country to another, to enrich the cultural life of the country and to give the people of other countries some idea of what this country is doing, we should do all we can to improve it and to expand and encourage its activities. We should see that vested film interests in this country, who fear that the film board interferes with their private gain and private profits in this field, do not propagandize members of parliament as they have attempted to do. We should endeavour to see this thing in its proper perspective and to give this organization, which I believe has done a good job for our country, an opportunity to continue its good work.

In order that we may know what it is doing I suggest again that at the next session of parliament we set up a special committee

to deal with this very important agency. I believe that all our government agencies, the national research council, the Canadian Broadcasting Corporation, the national film board and other agencies of that description, should from time to time be the subject of investigation by a parliamentary committee. We have just finished discussing the work of the atomic energy committee. I must say that I have never sat on a parliamentary committee which was more satisfactory and more free from recriminations and so on. I believe that if we all approach parliamentary committees in that way we can strengthen these organizations and put the record straight in regard to the misinterpretation of their efforts and misstatements of fact that we see in papers that try to promote various vested interests in this country.

Mr. Diefenbaker: Mr. Chairman, there are just one or two matters to which I wish to make reference. On more than one occasion I had the honour to visit the headquarters of the national film board in Ottawa and to see the work there, and also to see in my own constituency and generally in rural parts of Saskatchewan some of the work done by the national film board. I say—and I represent no vested interest—that the work done merits commendation in so far as it is educative, aesthetic and artistic. One of the reasons why the film board has come under severe criticism is the fact that there is no direct responsibility to parliament, and also the fact that it is one body from which it is almost impossible to get answers to questions asked in the house. I have asked a number of questions and I find that they have become embalmed in orders for returns and do not find their way into the records of the house. To begin with, I am going to refer to a question which should not have taken a week to answer. The *Votes and Proceedings* of November 21 records this question in my name:

> What is the total expenditures in each of the years 1946 to 1949 for the production and processing of film for any government department or departments by commercial firms, giving particulars of the said commercial firms and the amount paid to each?
>
> 2. Did the national film board make any decision during said years that it considered the use of commercial firms for the production of films advisable in the public interest? If so, in what case or cases, on what date or dates did it so decide and for what reason in each case?

Those were questions which should have been answered. Yet we have waited since November 21 for the answers to questions which should have been brought down immediately. Was there a reason why these questions were not answered? I suggest it was not because of a lack of information. For if one reads the statute some questions do come to mind. The National Film Act, 1939, makes provision for a national film board consisting of the minister, who shall be the chairman—with the exception that the minister referred to in the act is the Minister of Trade and Commerce, and there has been no amendment to the act by parliament since that time.

Section 11 deals with the processing and production of films, and states:

> All processing and production of films by and for government departments shall be undertaken by the bureau, except where the commissioner agrees that the work can be done through officers of other departments and that the results obtained will be technically adequate and economical, or where the board considers the use of commercial firms advisable in the public interest.

I ask the minister this question: When did the national film board meet to determine that in the public interest any department of government should have its films made by commercial corporations? You cannot get around that section by simply saying that the Minister of National Defence decided, "I do not want to be bound by the law." There had to be a meeting; there had to be a decision made. I shall read that again:

> —except where the commissioner agrees that the work can be done through officers of other departments and the results obtained will be technically adequate and economical, or where the board considers the use of commercial firms advisable in the public interest.

Is that another of those statutes the cabinet walked right through?

Mr. Rinfret: What was the last part of that section?

Mr. Diefenbaker: "Or where the board considers the use of commercial firms advisable in the public interest". Because no minister of any department had any authority to have films printed for his department, except through the film board, unless there was a resolution such as that provided in section 11.

That question was asked as far back as November 21. Why was it not answered? We have become so used in this session to laws being passed by parliament and not followed that this may come to be known, not as a constitutional session but the session in which unconstitutional matters have been revealed.

I now come to the minister's reference, made in that amiable attitude for which he is to be commended, to the recommendations or submissions made to the royal commission. The film board is composed of the minister as chairman, with six other members. Recommendations were made to the royal commission on national development in the arts, letters and sciences, and among those recommendations was, first, that the board wanted to get into television; secondly they needed

more money than the $2 million to discharge their responsibilities; thirdly they noted with regret that the total number of film board employees has declined to 540, and proposed an increased staff; next, that the film board should be reorganized, operating under an appropriate review by parliament. In other words, no doubt this would involve the setting up of another crown company.

I cannot understand how the chairman of a board, who is also a minister of the crown, can so lightly dissociate himself from the recommendations made to a royal commission by the board, and simply say, "Well, with some of those recommendations I do not agree". Surely there is no board set up by parliament, of which a minister is the chief member, that can make recommendations, and then have the minister turn around and say, "I have nothing to do with that; I am just the chairman of the board. The board cannot be set up without me as chairman, but the board has a separate existence apart from me that allows it to make representations in regard to improvements that should take place in the board".

This is another example of a disregard of parliamentary responsibility. The minister cannot have it that way. He cannot say, "I am the chairman of a board; they make recommendations, but I remove myself from them. There were some of those recommendations with which I did not agree". In order to have that cleared up so that we will know that the body which made the recommendations did not have the concurrence of the minister, I say parliament should be told those parts with which he agreed and the parts with which he did not agree.

After all, he is the responsible minister. Having said that, I pass on to one other matter, namely this screening operation. When did it start in the national film board? Going back to the days of Mr. Ilsley, we find that on June 22, 1948, he told parliament that in the interests of national security the attention of the heads of departments and agencies of government had been drawn to their responsibility with respect to the reliability of employees under their charge, from the security point of view. And then he went on to say this—and it was quoted by the minister—

> No person who is a member of the communist party or associated with it shall be employed in work of a secret character. I may add that the same rule applies to those associated with fascist organizations.

Then again, on June 26 he said this:

> As was indicated in my statement of June 22, in the government's view loyalty is not susceptible to any precise series of tests, and the only specific instruction which has been given by the government on this subject is that which I mentioned at that time, namely, the special case of those who are members of or associated with communist and fascist organizations.

Then, having done nothing until May of 1949, something took place, and the so-called screening began. What has been the result? Who but the government put the employees of the national film board under suspicion? They put all the employees of that board under suspicion—and it is not fair. Surely the minister can say now what was done between June of 1948 and May of 1949. How many members of the film board were found to be members of communist or fascist organizations? That is a question that he can answer. The phrase "associated with" is a difficult phrase to define, but I would take the meaning of associated with communists or fascist organizations to mean close association, collaboration if you will, with those who have membership cards in those organizations. The minister said that 71 went out this year.

Mr. Winters: Sixty-one.

Mr. Diefenbaker: Sixty-one; I am ten out. Possibly I am being given the revised version which we get so often around here. How many of those 61 are now in other departments? That is a simple question.

Mr. Winters: Something like eight.

Mr. Diefenbaker: The minister says that of the 61 that went out following the institution of this screening—

Mr. Winters: No, it was a matter of normal separation. Most of the employees of the film board are not civil servants; they are employed for renewable terms on a three-months basis and there are quite a number of separations in the normal course of events.

Mr. Diefenbaker: That is exactly what I am trying to get at. You place suspicion on all of these people—

Mr. Winters: That is what the hon. member is doing.

Mr. Diefenbaker: No, I am not doing that; the minister did it. That is having recourse to the old method; that does not work at all. The minister has said that 61 went out. Will he answer this simple question in order to relieve the eight of suspicion: Were any of the eight screened for being members of communist or fascist organizations or being associated with them? Were they let out for that reason?

Mr. Winters: No.

Mr. Diefenbaker: Then we are clear on those eight who were formerly employed by the national film board and who have since

been employed in other departments of government. They are now of no concern to us?

Mr. Winters: Quite right.

Mr. Diefenbaker: That clears them, but until that question was asked they were not cleared.

Mr. Winters: I said that earlier today.

Mr. Diefenbaker: The minister's statement was obscured with enough verbiage to make it impossible for us to follow it.

Mr. Winters: The direct answer was made in reply to a direct question.

Mr. Diefenbaker: If I missed that I offer my sincere apology for suggesting what I did. If I have made a mistake, I will withdraw. I did not hear that, though I have been sitting here all day. Is it correct to say that, when an individual is put out by reason of communist or fascist membership or association, he is not taken into any other department of government?

Mr. Winters: I cannot say how he is disposed of after he is screened out.

Mr. Diefenbaker: Is the minister not in a position to say that when they are screened out, because they are not regarded as individuals who place their country above any other country, the government is not going to employ them in any other department?

Mr. Winters: Each department has its own responsibility, as I pointed out quite clearly in the statement I made earlier and as has been said on previous occasions in this house. Therefore I am not in position to speak for other government departments.

Mr. Diefenbaker: Surely there must be agreement as between ministers of the government as to the policy to be followed in this connection. Surely if a person is not safe in one department the ministers of the government must be sure that he would not be safe in another. Does the minister say that there is no agreement among the members of the cabinet on the question, whether a person who is regarded as being unsafe in one department can be regarded as being safe in another? That is what the minister said. Is there a policy in that regard?

Mr. Winters: The hon. member is well aware of the policy because I read it earlier today.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: My friends applaud. All I can say is that I am asking the question, and if the minister wants to have his estimates proceed in the way in which we always try to expedite them, he will answer the questions I have asked. First, is there a policy? The minister is not going to put me off that way. I submit that the question is a fair one and I ask for a fair answer. I do not intend to be put off by an answer such as this: "I previously read a written document which answered your question." I am asking if there is any policy among the ministers of this government that when a person is let out or screened out of any department by reason of his communist or fascist membership or association he is still available for employment in other departments of government? I am asking for an answer to that question.

Mr. Winters: The answer revolves around the use of the word "trustworthy".

Mr. Diefenbaker: We shall follow that through. I have all the time in the world and if the minister does not intend to answer, that is fine. Is a person considered to be trustworthy in one department when he is considered to be untrustworthy in the department of the minister?

Mr. Winters: I am not going to interpret the regulations of other departments of government. I can only judge a man's trustworthiness to do a specific job that I may have for him.

Mr. Diefenbaker: What is the measure of trustworthiness upon which the minister proceeds? He says that he has a certain metre of trustworthiness. What is that? If a person in the minister's department is screened out —I will put it the other way—if someone is screened out—my hon. friends may help the minister all they want, but I am going to get an answer—of another department—

The Chairman: The hon. member should deal with facts relating to the film board.

Mr. Diefenbaker: I do not know what you said, Mr. Chairman, so you will have to repeat it.

The Chairman: The hon. member should deal with those things that have to do with the film board.

Mr. Diefenbaker: With all respect and deference to you, may I say that these questions have not been answered before. I have asked a simple question: If a person is screened out of another department—

Some hon. Members: No.

Mr. Diefenbaker: —will he under any circumstances be taken into the film board under the minister? What is the basis of untrustworthiness that denies a person being taken into another department? That is a simple question.

Mr. Fournier (Hull): Perhaps it is too simple.

Mr. Winters: The hon. member is posing a hypothetical question as far as I am concerned. Each case would have to be considered on its merits. I do not know whether the hon. member was listening—

Mr. Diefenbaker: I am listening and I hear everything the minister says.

Mr. Winters: Of course each case would be considered on its merits but I suppose that as long as human beings are what they are there will be variations in human judgment.

Mr. Diefenbaker: Mr. Chairman, it is because of human nature that it has received the support of my hon. friends to my right. The matter is perfectly clear now. I should like to ask the minister one or two questions about a certain individual. Before I do so, may I say that there is no suggestion of this man being a subject of suspicion in the slightest degree. I mention that because when I bring up his name somebody may say: Did he in any way do anything of a suspicious nature? I want it to be clear from the beginning that he did not. I should like to ask the minister whether there was a former employee of the film board by the name of Wesley Greene who set up his own distribution facilities in Chicago? If so, how long has he been distributing films there for the Canadian government?

Mr. Winters: Yes, there was an employee of the film board by the name of Wesley Greene. He has been distributing films in Chicago for the film board for about five years.

Mr. Diefenbaker: Is he still engaged in that capacity?

Mr. Winters: Yes, he is still acting in that capacity for the film board, among a great many other agencies which also have films to distribute.

Mr. Fraser: Ask him if he ever returned the $7,000.

An hon. Member: Ask your own questions.

Mr. Fraser: I just wondered if Wesley Greene ever repaid the $7,000 he owed the film board at one time.

The Chairman: The hon. member for Lake Centre has the floor.

Mr. Diefenbaker: The hon. member for Peterborough West asked a question. He is looking for information.

An hon. Member: What are you looking for?

Some hon. Members: Carried.

Mr. Fraser: I should like an answer.

Mr. Mitchell: This is not a police court. Let us get down to business.

Mr. Winters: This man, Wesley Greene, owed the film board an amount which at March 31 of this year was $3,200. The balance owing as of December 2, 1949, is $2,900.

Mr. Diefenbaker: Is there one Vaughan Deacon connected with the film board at the present time, and if so where?

Mr. Winters: He is the regional supervisor in Toronto.

Mr. Herridge: I am not going to detain the house very long, but I want to say a few words at this time as a member representing a large number of people who are most sympathetic to the work of the national film board, and who appreciate the work that is done by the board. I was pleased indeed to listen to the minister's statement which I thought was most constructive and complete. The general expression of opinion among the members surrounding me was one of great pleasure with his presentation of the facts. I prepared two or three sets of notes this afternoon, but I found as the afternoon proceeded that other members were saying what I intended to say. Therefore I am not going to repeat what they said except to say that I endorse the remarks of the hon. member for Winnipeg North and the hon. member for Spadina. I noticed that the hon. member for Calgary East criticized this group, but he did not answer the comments made by the hon. member for Winnipeg North.

I was most pleased to note the reference by the hon. member for Spadina to the difference in the personnel of a department such as the national film board compared to other departments of the government. I think he said they had more imagination. I want to say I have found that out from experience. One day I had occasion to go to a branch of the Department of Mines and Resources where I had to deal with an ancient and frigid biddy. I found it difficult to get any information about natural resources from her, and I received very little inspiration concerning our natural resources. I went from there to the national film board and met some of the people there who are making films, and particularly one employee very interested in our natural resources. I thought at the time, what an interesting person. In the one case the lady was without imagination and could not enthuse or inform anyone about Canada's natural resources. In the other case the person was one of a group

which has lived somewhat under a cloud because of the attacks of certain people, but a group able to inspire interest in our natural resources. I am sure they are doing more than thousands of the other type to make Canadians proud of Canada and its natural resources.

Comments about the national film board have been more or less concerning the larger sphere in which the board works, but I must say the people of my constituency appreciate the good work carried on by the board. I have had people tell me how much they enjoyed the community film, "Hometown Paper". It is a most instructive film for adults and children. The same applies to the film, "Country Health", the educational film, "The Postmaster", and films portraying British Columbia logging and other industries. Repeatedly I have had people working in various fields express their appreciation to me of the type of film presented by the national film board.

I believe the hon. member for Peterborough West spoke in somewhat critical fashion, at least by implication, as to the program, "Canada Carries On".

Mr. Fraser: Pardon me; all I asked was whether it was still being carried on and what the cost was.

Mr. Herridge: Possibly the hon. member's continued interest in the cost is an indication of a somewhat critical frame of mind. I am pleased to note that the dominion-provincial tourist conference, which met in Ottawa during the month of November, passed a resolution urging the national film board to provide a certain film under the program "Canada Carries On" because of the great benefit it would be to the tourist industry. I think the hon. member for Spadina said that in his constituency the film council had the largest number of members of any such body. According to the Trail *Daily Times* of November 25, I am pleased to note that the Trail film council has set a Canadian record. The article reads in part:

> Talks on Trail's film society and on radio operation were heard at last night's dinner meeting of the Trail junior chamber of commerce. G. L. Groutage, speaking of the work of the film board in the past year, said that the Trail group had achieved an all-Canada record in attendance at films on a population basis. A total of 55,000 people had attended 605 showings to date in 1949.

I think that indicates the interest of the people in the cities of Trail, Rossland and Nelson. As to the isolated country groups, mention has been made previously of the support of the Canadian Federation of Agriculture, the Canadian Legion and other national organizations. Why do they support the national film board and express these opinions? Because they are advised to do so by their local branches, their local rank and file, the people who support them and who appreciate the work of the national film board.

I think the hon. member for Peterborough West said that people were interested because it was something for nothing. I challenge that statement. The people of my constituency are interested in this service because they appreciate its value. They appreciate it as a service for which they are entirely willing to pay. Farmers' organizations, the Legion, women's organizations, parent-teacher groups, teachers' organizations, church organizations, and in fact a very wide section of the people have expressed their appreciation to me of the work of the national film board. I think what counts in this respect is what the people think, and not the opinion of a few prejudiced people who are opposed to the principles under which the national film board is working. I am sure the minister will realize that the people of Canada as a whole are behind the constructive work of the national film board.

In conclusion, may I say a word about the staff? I have had an opportunity of visiting some of the technical branches of the national film board in Ottawa, and other branches of that board. I would say that I perceived a much different approach to their work than in some departments of government, and a keen interest, in contrast to the more formal application to duty which is found in some branches of the civil service. The same thing applies to those who work in the field. There have been a number of young men in my constituency doing work for the national film board. They have gone to unusual lengths to make certain that small, isolated communities receive film services. I should like to express the appreciation of the country people of my constituency for this good work on their behalf.

One other suggestion, Mr. Chairman: This session the minister forwarded us a letter, requesting suggestions about the regular Saturday morning showing of films by the film board to the members of this house. I believe the idea of showing films to the members is an excellent one, but I do suggest that on Saturday mornings the members are busily engaged in doing their office work or other tasks. I am in favour of these showings, but I suggest the showing be made to the members of the House of Commons on Wednesday evening, when they are more likely to be free to attend.

Mr. Drew: The discussion that has taken place this afternoon has indicated how far some hon. members have strayed from the

point at which this board came under discussion, concerning the screening that is taking place. An attempt has been made to create the impression that an attack was made on the board by those who sit in other parts of the house than where the supporters of the government sit. I believe it is important for hon. members of this house, and the public, to remember that the only reason the film board is under any measure of suspicion at the moment is because of a statement made by the Minister of National Defence. He said his department was not prepared to entrust to the film board the filming of certain matters connected with national defence. If anyone is to blame for any cloud which hangs over the film board, it is the government for having failed to clear up the limited information which was given to the house on the night the Minister of National Defence answered the question concerning the article which appeared in the *Financial Post*.

I am astonished at the statement made in the house this afternoon, criticizing that article in the *Financial Post*. Those of us who believe in democracy in this country, and the right of a free press, also believe that it is the duty of the press to make use of that freedom for the purpose of keeping democracy a working mechanism, by informing the people as to the facts. The press is performing the service for which it is free only when the members of the press do give to the public information which comes to their attention, and which they regard as being of public importance.

Far from the writer of the article being subjected to any criticism by any member of this house, the writer of that article deserves commendation for having brought to public attention something of which the members were unaware before the statement appeared in that article. From that point forward, the members of the house have tried to find out what the facts really are. May I say with considerable emphasis that the members of the party which I lead have not indicated opposition to the national film board, but they have indicated opposition to the lack of information; they have indicated opposition to a system which denies to the members of the house the information they should have. Incidentally, it appears to deny that measure of supervision over the film board itself, which would assure the sort of efficiency that I should imagine every member of the film board would desire most.

This afternoon it was said that it was about time the film board received a bill of good health from this house. The way for the film board to get a bill of good health in this house is for the minister concerned to clear up the uncertainty that was created by the statement of the Minister of National Defence. There is no other way in which it can be done. That is not an obligation which rests upon the members of the opposition; it is an obligation which rests upon the minister in charge to say what the facts are, in a way that removes the doubt and uncertainty that was created in that statement, which was reported in the press and over the radio in Canada, as well as in the press and over the radio outside Canada. Certainly, this government agency upon which $2 million is being spent deserves to have a bill of good health. The fact is that, without a bill of good health, this house should not be passing these estimates. Unless the good health certificate is given, then we do not know whether this money is being properly spent.

Let us briefly review what did happen. The Minister of National Defence said that this department could not be entrusted with the responsibility of taking moving pictures of certain defence matters for educational purposes. Yet, we are told that the same organization which cannot be entrusted to take pictures of the workings of the breech block of a field gun, or the operation of the buffers of a gun, the taking down of a machine gun, or the movement of a tank, something of that kind for the purpose of instruction, is sent to Chalk River to go inside that ultra-secret plant and take pictures. This is the plant in which our atom secrets are kept. On instructions from this government, this same organization was entrusted with the taking of certain pictures connected with atomic energy in the United States.

Of all the fantastic nonsense this house has heard at any time during this session, that does exceed anything we have heard to date. A government agency cannot be entrusted with the taking of pictures of mechanisms of national defence, most of which we know to be simply carryovers from the war, yet this very organization is entrusted with the one thing that is still regarded as highly secret in connection with national defence in this country. Unless we have some explanation of that strange position, we shall not get very far. This whole thing started with the admission of the Minister of National Defence, and not through any criticism on the part of any member of the opposition, and unless we receive some explanation the whole thing will end up in a farce. The government entrusts highly secret work to that organization, but it is unwilling to give it work in connection with which the secrecy is only limited.

An hon. Member: It is six o'clock.

Mr. Fournier (Hull): Before calling it six o'clock, in a spirit of co-operation, we should like to have the unanimous consent of the house to have a discussion of television at ten o'clock tonight. If that discussion is held tonight, we may have with us the manager of the C.B.C., but I am told he is going into the hospital tomorrow, so we would not have his advice and services on another day. If the matter were postponed, then the minister would be alone. We would hear speeches, but we would not have answers to all the questions that may be asked.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Drew: I will just continue my remarks, Mr. Chairman, from where I was when we rose at six o'clock. As was said by one of the members who spoke this afternoon, the two most powerful agencies of propaganda that exist today are undoubtedly the radio and the moving picture. In saying that, a distinction must be drawn between them and the daily press which has its responsibility for a much wider coverage than is possible in either of those cases. It must be a matter of concern that in each of these agencies which are under the control of the dominion government we find that a screening process has been taking place for many months and that we are unable to find out what the result of that screening is.

It is not enough for the minister in charge of the national film board to say that the board has accomplished great things and has won certain recognition. All of us will acclaim that fact and all of us will hope that the circumstances will be such that the work can be carried out on an even better and more satisfactory level in the future. But having regard to the bald statement that has been made, that the filming of certain ordinary national defence details cannot be carried out by the national film board until screening is completed and there is given the bill of health which the Department of National Defence is asking for, and not the house, then we are left in the position that we do not know what is being accomplished with the money we are being asked to vote.

Last night we found that in the case of one branch of the C.B.C. there is also a screening process which has been going on for many months. There again the minister responsible had no report, although he was not in a position to say that there had been none. In fact, it would be a surprising thing if he had stated that there was no report, because it has been going on for some time.

A situation has been put forward here which is not consistent with our principles of ministerial responsibility and the joint responsibility of the members of the government for what is done. In this case the minister of reconstruction is the chairman of the national film board. Without discussing the nature of the recommendations that were made by that board to the Massey commission, may I say that the statement made by the minister that he does not identify himself with the recommendations of that board expresses a lack of ministerial responsibility which should not be overlooked. He cannot wrap himself in some magic cloak; he cannot at one moment, as minister of reconstruction, be a responsible minister, and then at another moment in the same day, by wrapping this cloak around him, cease to be a minister of the government and simply be an independent chairman of a board which is an emanation of this parliament. That is utterly inconsistent with the simplest basic propositions of our system of responsible government and joint governmental responsibility. Whether the recommendations of the film board to the Massey commission were right or wrong, or whether they were partly right and partly wrong, is not the point that is so important. What is important is this. The minister should either accept full responsibility as minister for the chairmanship of that board or he should cease to be chairman of the board.

Mr. Winters: May I just say that that is strange logic.

Mr. Drew: It is not strange logic at all. Anything else is a strange lack of recognition of the responsibility of the minister.

Mr. Winters: That is your opinion.

Mr. Drew: I am quite prepared to let that opinion stand the test of any recorded history of parliamentary government.

Mr. Chevrier: We have just had a test of opinion.

Mr. Drew: Yes, we had a test of opinion; and nothing could better illustrate the whole attitude of this government than their constant reference to that fact. Not so long ago there was a man in Europe who said that as long as you could get away with something, it was all right.

Mr. Whitman: But he did not have elections.

Mr. Drew: That is not our principle of government.

Mr. Chevrier: It is yours.

Mr. Drew: And it is not our system here.

Mr. Whitman: Talk about North Stars; you know more about them.

The Deputy Chairman: Order.

Mr. Drew: It is unfortunate that we are not dealing with the department of excise because that would be a subject which the hon. member who is speaking now would know more about. The point I am making is this—

Mr. Whitman: What about Hong Kong?

Mr. Drew: Obviously a door has been left open, Mr. Chairman, and there is some rather noisy bit of equipment around this building.

Mr. Whitman: Just another member.

The Deputy Chairman: Order.

Mr. Drew: The minister who is now dealing with this department is the chairman of the board. He must either accept the responsibility as minister or he should cease to be chairman of the board. As to the present situation, he is the one to clear this board of any suggestion that it is not in a position to deal with the matters which should be entrusted to it, which suggestion has been raised by the statement of the Minister of National Defence and has not yet been answered in the house by any member of the government. As to the details, if the minister has not yet received reports from the Royal Canadian Mounted Police as to the result of their investigation, then it is high time that he did. I would ask the minister to tell the house whether he has received reports; and if so, what the effect of those reports is, and what he intends to do about them.

Mr. Pouliot: Mr. Chairman, I have listened to what has been said about the film board. I should like to know who went to China to make a film. What was the cost of his trip and of making that film? Has this film been shown somewhere? If not, why not? What was the relationship between the man who went to China and Mr. Ross McLean, the commissioner of the film board? I warn the minister that my information is to the effect that a tremendous sum of money has been wasted on the making of a communistic film in China, boosting Mao Tse-tung, the communist leader, and it was made by someone who was closely related to Mr. Ross McLean of the film board. I am not screening anybody. I do not know if it is true or not, but I should like to have complete information about that venture. If the minister is good enough to tell us I shall be thankful to him and I have some other questions.

Mr. Winters: The film referred to by the hon. member for Temiscouata was made for UNRRA. The man who photographed it was a film board employee, lent to UNRRA. His name is Grant McLean, and he is a nephew of the film board commissioner.

Mr. Pouliot: Thank you. Why has that film not been shown in this country? I have been informed—I wonder whether it is true or not—that the picture has not been shown because that man McLean, a nephew of the commissioner, took pictures that were glorifying communism in China. All I ask the minister is why that picture, made for UNRRA, has not been shown in Canada. I would ask him a supplementary question. Where is that film now? Who keeps it? What was the total amount paid for the film?

Mr. Winters: The film has been sold to Cardinal Films of Toronto for Canadian distribution, and it is distributed in the United Kingdom by United Artists.

Mr. Pouliot: Distributed under a socialist government. The minister did not answer my question. All I want to know is why the film has not been shown in Canada. What was the cost of the film? What was the amount paid for it to the film board?

Mr. Winters: The picture was sold on a percentage agreement to Cardinal Films and to United Artists. There is no information yet of the revenue that will accrue. The film has been released in Canada and has been shown in Canada.

Mr. Pouliot: I thank the minister for his answer but I am not satisfied. What I want to know is the cost of that film to the film board. Here is an instance of nepotism. Here is a commissioner who sends his nephew to China to make a communistic propaganda film and it has cost a lot of money. If they have some businessmen in the film board the minister should be able to answer me. All I want to know is how much that film has cost the country. That is my first question.

Mr. Winters: Sixteen thousand dollars.

Mr. Pouliot: Does that include the travelling expenses of McLean, his paraphernalia and his entourage to China? I want to know what has been paid for the travelling expenses of that tribe to China, the whole amount of expenditures, the travelling expenses and boarding in China and giving parties for the mandarins and everything. I want to know the total expenditures of the whole outfit.

Mr. Winters: The travelling expenses to which my hon. friend refers were paid by UNRRA.

Mr. Pouliot: How much was it?

Mr. Winters: I understand that the expenses to UNRRA for work done by Mr. McLean for the full year's assignment in China were $20,000.

Mr. Pouliot: Twenty plus sixteen is thirty-six, $36,000. Does that cover everything?

Mr. Winters: Yes, that does cover much more than the film to which my hon. friend refers; it covers other films as well.

Mr. Pouliot: And the whole venture was authorized by Ross McLean, the commissioner, was it not?

Mr. Winters: It was authorized with the approval of the board.

Mr. Pouliot: Outside the knowledge of the government?

Mr. Winters: I understand that the then chairman of the board knew about it. He was a member of the board. There are two members of the government on the film board.

Mr. Pouliot: Who decided that this film should not be shown in Canada?

Mr. Winters: Nobody has decided that. The film is being shown in Canada by Cardinal Films of Toronto.

Mr. Pouliot: Why was it not shown to members of the House of Commons to inform them about what is going on in China? I will ask the minister a supplementary question. How is it that the film board has lent one of the McLean clan to UNRRA to make a communistic film for the benefit of a Toronto company which has sold it to the socialist government in England? I wonder whether they are commercialized to that extent. I am quite surprised that the film board is trading films of that kind to another government. I warn the minister against all those who were in the film board during the war. Since the war has ended some returned men and women have been employed in the film board. Will the minister be kind enough to tell me what are the personal qualifications of Ross McLean, the commissioner of the film board, to act as such? On whose recommendation was he appointed in the first place? What was his training?

Mr. Winters: That was before my association with the film board, but the qualifications have been cited before in this house. Mr. McLean has had experience abroad in various capacities. He served as deputy commissioner of the film board for some time before he was appointed.

Mr. Pouliot: That is not a qualification. I will tell the minister that he was a low grade clerk at Canada House in London, and he was picked up by Grierson, and instantly he became the great pasha of the national film board.

Mr. Winters: I should remind the hon. member that Mr. McLean was private secretary to the high commissioner at Canada House in London.

Mr. Pouliot: Well, that is no recommendation.

Mr. Winters: It is a fact, though.

Mr. Pouliot: And I have another pertinent question to ask the minister. Who is the man who has been most photographed by the film board since the beginning of the war, and the one of whom there are so many pictures in the archives of the national film board? I want to speak of a man who has been over-photographed on all sides—and if the minister does not realize what I mean he will have only to ask McLean, who will tell him about it.

Mr. Winters: I cannot answer that question, Mr. Chairman; I don't know.

Mr. Pouliot: Then I will tell this to the minister, that there are thousands of proofs, and enlargements of proofs, and films, and snapshots, and camera films and exposures, of one man alone and in a group of two or more persons. They were taken since the war. My information is that there are ten thousand such pictures of various descriptions, with all the great of the world. I would like to know how many pictures there are, and who he is.

Mr. Drew: The mysterious Mr. X.

Mr. Pouliot: Photographed—

Mr. Winters: I do not know the answer, Mr. Chairman.

Mr. Pouliot: Photographed from the right, photographed from the left, photographed right in front, face photographs, photographed backwards, profile photographs, up and down —I would like to know who it is.

An hon. Member: Who is it?

Mr. Pouliot: The commissioner knows, And I would like him to tell the minister. I am told there are 10,000 pictures, proofs and enlargements, of that man since the beginning of the war.

An hon. Member: Who is he?

Mr. Pouliot: He was ten years younger then; now he is ten years older. But not a day passed without having several pictures taken of his glorious self. I would like to know who he is.

An hon. Member: Who is he?

Mr. Drew: It is not the hon. member for Temiscouata, is it?

Mr. Pouliot: What is the use of having so many pictures that serve no purpose? I do not mean the exposures of moving pictures. It is one moving picture, with many poses, many shots, taken on the way to the end. But it seems to me that I speak English clearly enough. I would like to know who is the human monument the film board has photographed so often, and with such joy, and at such expense to the country.

An hon. Member: Tell us.

Mr. Pouliot: No, no; that is a fair question. I speak of a living tower, of an historical giant, who is no more. I did not mean a physical giant, I meant an historical giant—and an hysterical giant; and I would like to know if the film board has some pictures, scores, hundreds of pictures, thousands of pictures, tens of thousands of pictures of one single man, to advertise the beautiful scenery of Canada.

An hon. Member: Who?

Mr. Pouliot: I don't know; I want to know.

The Deputy Chairman: Shall the item carry?

Mr. Pouliot: Well, Mr. Chairman, before it is carried, if there is no more answer than that, the whole film board should be discharged, dismissed, sent home, fired—goodbye.

Mr. Harkness: Mr. Chairman, the hon. member for Temiscouata and I find ourselves at opposite ends of political discussions, but at times we come close together. I think the film board is perhaps one of those occasions when we are close. I believe the hon. member is just as much interested as I am in seeing that this branch of government is run in the way all of us would like to see it run.

The questions the hon. member has been asking come very close to some I had noted down to ask. The first of these is: Have any complaints been received about the leftist slanting of films produced by the film board?

Mr. Winters: I have received no such complaints, Mr. Chairman.

Mr. Harkness: The minister says he has not received any complaints. Has the film board, apart from himself—because he appears to have divorced himself from it to some extent —received any complaints in the matter, or has the government as a whole received any?

Mr. Winters: I can only say that to my knowledge the board has received no complaints and I do not know of any other member of the government who has received any.

Mr. Harkness: It has been reported in certain newspapers, so that it is a matter of more or less common knowledge, that certain trade unions have complained that films made by the film board in connection with trade union activities were such as to encourage the development of communism within those unions. Has that never come to the attention of the minister?

Mr. Winters: No, it has not.

Mr. Harkness: I would recommend that he read a paper known as *The Ensign,* which I am sure is familiar to most hon. members, and in which there are reports to that effect. In addition to that I think there have been various other complaints from other sources in this connection.

However if the minister says that he has had no complaints and knows of no complaints, there is very little more I can say on the subject. But I think I can assure him that there have been such complaints, and I would recommend that he look into them and find out exactly what they are.

Have any films produced by the film board been suppressed or withdrawn because it was considered that they would have leftist or communist propaganda effect?

Mr. Winters: No, sir.

Mr. Harkness: The minister has said glibly No, that there had not been any; but I would like to ask him—

Mr. Winters: Mr. Chairman, I do not think that sort of thing should be allowed to go on. If the hon. member—

Mr. Harkness: Who has the floor, Mr. Chairman?

The Deputy Chairman: I understand the minister has risen to a point of order.

Mr. Winters: To a question of privilege. If the hon. member wishes to continue with that type of language, I think he should be more explicit. How does one say "no, sir" in a glib way? You tell me that.

Mr. Harkness: I can tell the minister that very readily. I was just proceeding to ask the minister whether he had inquired if any such situation had existed, either while he was minister of the department or before. I used the word "glib" because the minister rose immediately to his feet and said, "No" apparently without consulting anybody.

Mr. Winters: That is not correct. The hon. member is making statements that are not correct. I said, "No, sir," on the basis of my own knowledge since I have been chairman of the board, and I consulted the officials who are before me and they said the answer was "No" in so far as they knew.

Mr. Pouliot: The minister is all right, but the film board is not so good.

Mr. Harkness: I accept the minister's statement. If my reference to being glib is offensive, I gladly withdraw it. I did not mean to be offensive in any way. I think possibly the matter to which I refer of the withdrawal of a film or films took place before the minister took over his present position. Before the dinner recess the minister was asked a number of questions which I should like him to answer, particularly those with regard to the charges made against the film board allegedly by departmental officials, commercial organizations and others, as outlined in the *Financial Post*.

Mr. Pouliot: I wonder if the minister should not try to appease the hon. gentleman who has just spoken by having 10,000 pictures taken of him by the film board.

Mr. Winters: The charges to which the hon. member for Calgary East refers are not charges that have been made against the film board by government departments. As I understand it, they are items which are listed in an article which appeared in the *Financial Post*. As I understand it further, the seven points to which he refers have to do with high prices and special charges and the lack of co-operation and so on.

To my knowledge no government department has charged that the board charges high prices and makes special charges. I am sure that the board does not make a practice of indulging in things of that nature. As to lack of co-operation, I would say that the board is made up of two members of the government, a chairman, a deputy chairman and six members, three of whom are from government departments and three from outside the government service. I should think that those from the government departments would be in a pretty good position to talk of co-operation with other government departments. There has been no charge of lack of co-operation brought to the attention of the board, either through the three members who are members of government departments, directly to me, or through other avenues. The next item is with regard to the inability to get a firm bid or price. I do not know what specific instance or instances lie behind that. The estimating of the cost of a film is a difficult procedure. As I understand it, no one producing films can give an estimate that will invariably result in a firm price.

Then there is the charge of long delays and unbusinesslike methods. I have told the committee that I have asked the opinion of independent business consultants and I am anxious to see what they will have to say on this point. Then it is said that the national film board used political pressures to restrain commercial competition. I have no knowledge of that. Wherever I have felt that there might be a possibility of any restraint I have taken steps to overcome and prevent it, as I have told the committee.

Then there is a charge of extravagance and wasteful use of public funds through inefficient production methods. There again, as I told the committee, I want a report myself and I have engaged a firm of management consultants to look into that phase. Point seven is that the national film board is discriminatory in allotting screening time to commercially produced cultural and educational pictures on the national film board's rural circuits. I am told that that is not the case; where the commercial films are not in the nature of advertising they are given equal opportunity with films produced by the film board.

Mr. Harkness: The first point dealt with by the minister had to do with the charge of high prices and the minister has said that as far as he is aware the prices were not unduly high, or something of that nature. I ask him if he will categorically deny the statement which appears in the *Financial Post* article and which reads:

> What Government Departments Say
>
> An example: One department negotiated with national film board for almost a year trying to get what it considered a satisfactory basis for production of the first two of a series of films for display in all parts of the world.
>
> Rough outlines of how the subject would be treated were billed to the department at $800. That fee the department considered to be "outrageous" since commercial firms submit these treatments without charge as part of their service.
>
> After much controversy, bids were sought unofficially from outside firms. These bids averaged about 20 per cent lower than national film board. Had any of these firms been allowed to go ahead and make the pictures, national film board would then have billed the department with a surcharge for overhead or "advisory" services to the commercial producer, whether it did any advising or not. This surcharge is added to all national film board movie bills. It used to be 10 per cent; April, 1949, the surcharge became five per cent retroactive to April, 1948.

Mr. Winters: That charge is anonymous, it mentions no department. To my knowledge it is not well founded and I am informed by the officials who are here now that they have no knowledge of any such circumstance.

Mr. Harkness: I assume that the minister read this article which appeared some weeks ago and I have no doubt he has given some attention to it. Has he taken up that particular charge with the officials of his department and made an effort to find whether it was true or untrue?

Mr. Winters: To which department is the hon. member referring?

Mr. Harkness: The film board.

Mr. Winters: I have done that.

Mr. Pouliot: I should like to say a word about the set-up of this board, which I think is all wrong. May I remind hon. members that at the session of 1936 I sponsored a bill to repeal the Economic Council Act which was passed by the house during the regime of the Bennett government. Mr. Bennett's idea was to gather together officials from various departments to form an underground or subterranean government to advise the cabinet. It was just nonsense. When a man is appointed as deputy minister, as assistant deputy minister or as acting deputy minister of a department he should give all of his time to that department. There is no reason why he should divide his work and join other officials to form a board similar to the national film board. What is the conclusion from all that? It is that men who have been appointed for a special purpose pay no attention to the job for which they are paid, and they try to increase their emoluments by sitting on a board, commission or other body. Nonsense! One reason why the film board should be dispensed with is precisely because six of its members belong to other departments. It creates disorder; it prevents good government; it is absurd. That is why I denounced it thirteen years ago. With the support of the government of that day I had an act passed to repeal Mr. Bennett's legislation establishing the economic council. The minister was not then a member of the House of Commons. He knows the regard I have for him, but I do not want him to have any trouble with the film board.

In my view the primordial reason why the film board was established was not to contribute to the war effort or to advertise Canada but only to glorify one man who is now out of the picture. No one has dared tell us the number of pictures of this man which are kept in the archives of the film board, pictures that are no longer of any interest because they were never of any interest except to one who is gone. That is precisely the reason why it is impossible to secure any more information. Now that we have a government composed of real men I hope that all the sissy business will be dispensed with, and that we will not hear any more about the film board.

Mr. Smith (Calgary West): I should like to ask the minister whether the charge made by the *Financial Post* as to these fees is true, untrue, or partially true and partially untrue. That is simple.

Mr. Winters: You mean the charge of high prices?

Mr. Smith (Calgary West): The charge about the overhead charged in connection with these pictures.

Mr. Winters: There is an overhead charged. Is that what my hon. friend is asking?

Mr. Smith (Calgary West): You have read the article, and I have heard it and also have read it. Certain fees were charged to other departments whether or not work was done. Is that true or untrue, or partially true?

Mr. Winters: There is no charge made unless work is done.

Mr. Smith (Calgary West): All right, let us get this straight. The minister's statement is that there is no charge made unless work is done. By that I take it you mean photography?

Mr. Winters: I am told it is any aspect of film production.

Mr. Smith (Calgary West): Let us make it photography; that is what the making of films is. Your categorical statement to the house is that there is no charge made by the film board unless photography is done?

Mr. Winters: No, that is not necessarily true. I say there is a charge for work done. That work may be photography, or it may be supervisory work; it may be sound recording or it may be another phase of motion picture production.

Mr. Smith (Calgary West): Then the truth is that there is a charge made whether or not photography is done.

Mr. Winters: There can be.

Mr. Smith (Calgary West): That is the truth, and the *Financial Post* article is absolutely correct.

Mr. Winters: But the charge is made only for work done.

Mr. Smith (Calgary West): I know that. Suppose I put in a tender for something. I do a tremendous amount of work, and if I do not get the job I do not make any charge, but that is not the policy of the film board, is it?

Mr. Winters: They would not charge simply for putting in a tender on a picture.

Mr. Smith (Calgary West): You prepare a tender and you do a lot of work on it. Your tender is not accepted and therefore there is no charge you can make. That is not the policy followed by the film board, is it?

Mr. Winters: They would not charge for work involved in merely submitting a tender.

Mr. Smith (Calgary West): I am not asking you that. Do they make charges where they do not get the work?

Some hon. Members: Carried.

Mr. Casselman: It is not going to carry like that.

Mr. Smith (Calgary West): Oh, this is tough but stay and take it. It will not take a minute.

Mr. Garson: The only difficulty is the incoherence of the question.

Mr. Smith (Calgary West): The Minister of Justice says there is no trouble except the incoherence of the question. After his performance some days ago, he is the last man in the world to talk about incoherence.

An hon. Member: Shame on you.

Mr. Smith (Calgary West): If it is shame on me, God help you.

Mr. Macdonnell (Greenwood): I have a few short questions to ask the minister. First of all I want to make one comment. I want to wait until the minister is free to listen to me.

Mr. Winters: I am listening.

Mr. Macdonnell (Greenwood): As I understand it, what has happened is that we have listened this afternoon to a defence right across the board. There is no admission of any weakness of any kind. I want to know if I am making a fair statement. There has been no admission that any of the criticisms contained in this article were in any way justified. Am I stating it correctly?

Mr. Winters: No, I did not say that at all. I made it very clear in my statement. I said I wanted to answer criticisms that were not justified, and if and where there is something wrong with the board I want to find out about it. For that reason I have appointed a firm of management consultants to look into all these things which come under the classification of business management and report to me on them.

Mr. Macdonnell (Greenwood): I do not know just what the minister meant by saying "report to me only".

Mr. Winters: I said "report to me on them".

Mr. Macdonnell (Greenwood): Oh, I beg your pardon. The minister has not really answered my question. I am quite well aware he did not say the film board was perfect in every way. He made it clear to us he was getting a business firm to go into this matter. I want to come back to my question again because it is important to me, at any rate. I want to know if it is correct to say that there has been no admission of any kind that any of the specific criticisms made in the *Financial Post* article were justified. Is that a fair statement?

Some hon. Members: No.

Mr. Winters: I said very clearly, and I say again, that I do not believe the film board is perfect, and nobody in the film board believes it is perfect. I suggested that if there was constructive criticism from any side of the house we would be glad to have it in the hope of making the film board the agency we think it can be in the development of the country.

Mr. Macdonnell (Greenwood): The minister and I seem to be travelling along parallel lines, so I will not ask my question again. I will just give my opinion for what it is worth. If anything could have shaken my opinion of the board, it is what has happened in the last four hours. If there had been a frank readiness to say, "Yes, we made this mistake and that mistake; there are these criticisms, and some of the departments have been critical about us", it would have been much better than to ask us to believe that there is nothing in these statements reported to one of the most reliable men and written by him in his newspaper. I think that is a fair statement. I just want to say that, so far as I am concerned, nothing could have made me feel more—

Mr. Winters: That is not a fair statement.

Mr. Macdonnell (Greenwood): I shall not take the time of the committee any longer, but it is as close to a fair statement as I can make. I believe the minister is being misinformed to a considerable extent.

Mr. Winters: If I have been misinformed, I am certainly taking the steps open to me to find out.

Mr. Macdonnell (Greenwood): Would the minister care to have me read my question in detail? I gave him a list of films for which I wanted the cost. Does he wish me to read that list?

Mr. Winters: As you wish; I have the list here.

Mr. Macdonnell (Greenwood): The first one is "R.C.M.P. file 365", the maker and the cost?

Mr. Winters: The producer was Mr. Mulholland, and the cost was approximately $28,000.

Mr. Macdonnell (Greenwood): Is Mr. Mulholland a private producer?

Mr. Winters: No, the national film board.

Mr. Macdonnell (Greenwood): "Montreal by Night".

Mr. Winters: It was made by the national film board, and the producer was Mr. Newman. I am told the approximate cost of the two-reel version was $24,000.

Mr. Macdonnell (Greenwood): "River of Canada".

Mr. Winters: "River of Canada" was made by Associated Screen News. I have not the cost, because it was made about six years ago.

Mr. Macdonnell (Greenwood): "Feeling of Hostility".

Mr. Winters: "Feeling of Hostility" was made by the national film board. The cost was approximately $18,000 and the producer was Mr. Anderson.

Mr. Macdonnell (Greenwood): "Feeling of Rejection".

Mr. Winters: "Feeling of Rejection", was also made under the direction of Mr. Anderson, and the cost was approximately $22,000.

Mr. Macdonnell (Greenwood): "The Mother and Her Child".

Mr. Winters: The total cost of that was approximately $49,000 because there were two films, one in English and one in French. The producer was Mr. Paquette of the film board.

Mr. Macdonnell (Greenwood): "Horizons of Quebec".

Mr. Winters: The cost was about $32,000. It was made by the national film board, and the producer was Mr. Devlin.

Mr. Harkness: Could we return to some of the questions which I asked the minister earlier? When did the R.C.M.P. complete their part in the screening of the national film board personnel?

Mr. Winters: They have not completed it yet.

Mr. Harkness: If they have not completed it, how many people are still to be investigated?

Mr. Winters: That I cannot say.

Mr. Harkness: Then, when did they start this screening activity?

Mr. Winters: They started screening in May of this year.

Mr. Harkness: Is there nobody in the minister's department who knows how far they have progressed? Can the minister not tell me how many people remain to be screened? Surely someone in the department has that information.

Mr. Winters: No, there is no one in the department who has that information. The R.C.M.P. have been asked to proceed as quickly as they can, and I understand they are doing that.

Mr. Harkness: Upon how many people have the R.C.M.P. turned in unfavourable reports? When I say "unfavourable", I mean from the point of view of their position in working on so-called security films.

Mr. Winters: That information is not available to me.

Mr. Harkness: The minister says that information is not available. The Prime Minister and the Minister of National Defence said the other night that the sole purpose of this screening by the R.C.M.P. was to turn the information over to the permanent head of the branch, and through him to the minister in charge.

Mr. Winters: That is true, but they have not turned any information over to me.

Mr. Harkness: This screening has been conducted since May, 1949, and it seems rather strange that no information has been turned over to the minister. I find it difficult to believe that the permanent head of the film board, or the minister, has not had some information about this matter. Do I understand you have no information whatever as to what reports the R.C.M.P. may have made?

Mr. Winters: That is true; I have not had a report from the R.C.M.P.

Mr. Harkness: Has Mr. McLean, the head of the film board, or the deputy minister of reconstruction and supply had any report?

Mr. Winters: No, sir, they have not.

Mr. Harkness: I am more or less in the situation, Mr. Chairman, that I find it rather difficult to believe that no one has had any report. I believe someone must have had some report. I shall ask the Minister of Justice if he has had any report.

Mr. Winters: I think I can assure the house that I am as anxious as anyone else to have this situation cleared up. A reflection has been cast upon the film board which is in no way justified, as was said when the national defence estimates were under consideration. This screening is a matter of routine, in order to enable the film board to undertake the type of work which is contemplated. We have asked the R.C.M.P. to undertake it, and we have asked them to proceed with it as quickly as they can, and give us their report. I can assure the house that when that report is received the appropriate action, if any is required, will be taken to put the board in the shape I think hon. members of this house would wish.

Mr. Harkness: We will leave that phase of the matter now. When was the film of the atomic energy project at Chalk River made by the national film board?

Mr. Winters: That film was made in 1947-48.

Mr. Harkness: So far as the persons who made that film, processed it and made the prints are concerned, were any security precautions taken? Was there any screening of those people?

Mr. Winters: Yes, every security precaution was taken. The people were carefully screened to the satisfaction of the R.C.M.P. and the Chalk River authorities. I understand that at all times they were under escort, and I can assure the house that every precaution was taken.

Mr. Harkness: If it was possible to screen those people and take all the necessary security precautions and so forth in 1947, how is it that it is impossible to allow the film board to make films for the national defence department of things which are much less secret, and which could not possibly do us as much harm from the security point of view? It does seem inexplicable that the film could be made in the Chalk River plant in 1947, the people were screened, and according to the minister, all the necessary precautions were taken; but today, the defence department will not allow those same people to make training films of national defence equipment which is not nearly so secret as the Chalk River project. This needs explanation.

Mr. Winters: That is not unexplainable. I made a note here that the hon. member made the remarkable statement that certain things are inexplicable and need explanation. This is one of those things that are not inexplicable. The number of people involved in the project totalled seven. They were known. Invariably the same people were involved in the film from start to finish. The film board consists of a relatively large number of people. The work within the board varies. There is quite a turnover by virtue of the nature of the employment; that is, the three-month period of employment. In order to ensure the type of security that is required under the government regulations it was felt, out of fairness to everybody, that a complete screening should be undertaken. I may say that the members of the film board were keen to have that done. It is taking a long time because there are a large number of people involved. That explains why the board must be screened whereas seven people from the board could undertake a certain confidential picture.

[Mr. Winters.]

Mr. Harkness: Does the minister mean to tell me that the seven people who were concerned in taking this picture developed these films, printed them, and did everything else in connection with them? If that is the situation, that only seven people are concerned in any secret film that is made, there is no reason in the world why, during the past year, the Department of National Defence could not have had any film they wanted taken by these same seven people.

Some hon. Members: Carried.

Mr. Harkness: No, Mr. Chairman, I want an answer to that question.

Mr. Pouliot: Mr. Chairman, if I may be allowed to say something—

The Deputy Chairman: Order. If the hon. member does not mind, I think the minister wishes to reply.

Mr. Winters: Yes. I should say that although the greatest amount of security within the Chalk River establishment had to be maintained and the greatest safeguard exercised over the type of shots that were made, the film itself was not a restricted film and therefore could be developed by the film board without the same measures that have been required now.

Mr. Harkness: The minister still has not answered the question why, if these people could go and work at the Chalk River plant and make a film, they could not similarly make a film of our new ack-ack gun or any other national defence development which is certainly really not very secret.

Mr. Pouliot: May I say, Mr. Chairman, that I am satisfied with the answers given by the minister to the hon. member for Calgary East; I am much more satisfied with the minister's answers to him than with his answers to me.

Mr. Fulton: What is the government film bureau and what is the relationship between the government film bureau and the national film board?

Mr. Winters: The Canadian government motion picture bureau, which was under the jurisdiction of the Department of Trade and Commerce, was transferred to the jurisdiction of the film board in June, 1941.

Mr. Fulton: Then to all intents and purposes it is the same organization?

Mr. Winters: As the film board, yes.

Mr. Fulton: Who is the head of the motion picture bureau?

Mr. Winters: The duties of the motion picture bureau were assumed by the commissioner of the film board.

Mr. Fulton: On whose authority were outside agencies engaged to make the national defence films?

Mr. Winters: That is on the authority—under section 11 of the act, as my hon. friend knows—of the commissioner and the film board.

Mr. Fulton: So that the commissioner himself and the film board agreed that at that time they were not qualified, shall I say, from the security point of view to make these films?

Mr. Winters: No. They did not agree that they were not qualified from a security point of view. I say again that this matter of screening is automatic, and until it had run its course and the board were declared eligible to do the type of work which the Department of National Defence had in mind, the commissioner and the film board decided that those films should be done elsewhere.

Mr. Fulton: Was it done because of excessive caution, so that there would not be any reproach or criticism, or was it done in an effort to speed up screening, and to bring that problem to the attention of the authorities, or why was that decision made?

Mr. Winters: It was conforming to the regulations.

Mr. Fulton: I should like to ask another question arising out of an earlier one with respect to a film made in China. I do not understand the full implications. The minister said that the film was made by a member of the film board on loan to UNRRA and at the request of UNRRA. Will the minister say why it is and how it is that that film cost the film board $16,000? Why was not the whole cost borne by UNRRA?

Mr. Winters: Whilst this man was employed on an UNRRA assignment, he made films which became available to the film board and they have used them since.

Mr. Fulton: Has the minister anything to add to his reply?

Mr. Winters: No, except that the rights in connection with the film made under that contract with UNRRA resided in the film board so that the pictures could be made available to the people of Canada.

Mr. Fulton: Then is it correct to say that the official who went to China, in addition to making a film or films specifically requested by UNRRA, made a film or films for the use of the film board?

Mr. Winters: That is a correct statement, yes. In carrying out his assignment he took pictures of scenes which were also used by the film board.

Mr. Fulton: Was he authorized to do that at the time of his departure?

Mr. Winters: Yes, he was authorized to do that under the terms of his UNRRA contract.

Mr. Fulton: Finally in that connection, will the minister say what was the division of travelling expenses borne by the film board and UNRRA respectively?

Mr. Winters: The Canadian government, through the national film board, paid part of his return fare from China. The remainder of the travelling expenses were borne by UNRRA.

Mr. Fulton: Can the minister say what the proportions were? Is that information available?

Mr. Winters: I understand that Mr. McLean returned to Canada from China by air, to carry out work requested of him by the film board, and that the film board paid the difference between his air transportation and the surface transportation.

Mr. Fulton: And that is all they paid by way of travelling expenses? Is that the position?

Mr. Winters: Yes.

Mr. Smith (Calgary West): I have just one question and I am going to put it in words of one syllable if I can. Am I correct in understanding the minister to say that the screening of employees began in May of this year?

Mr. Winters: That is correct.

Mr. Smith (Calgary West): And that neither the minister nor any of his officials have any reports from the Royal Canadian Mounted Police at this date in December?

Mr. Winters: That is a correct statement of fact.

Mr. Smith (Calgary West): Are you sure that Stalin is not working there, and Nick Zabotin and some of those fellows? That is not the way the mounted police usually work.

Mr. Macdonnell (Greenwood): There are two further cost figures that I should like to get; they are in connection with "La Cité de Notre Dame" and "Four Seasons". Are those figures available?

Mr. Winters: One of the films, "Four Seasons", I have learned was made by Crawley Films of Ottawa. The other picture

was made under the directorship of Mr. Paquette of the national film board. They were made about four years ago and I have no costs available now.

Mr. Macdonnell (Greenwood): I won't delay the matter. Will the minister undertake to give me the cost of this and of the Associated Screen News one that he had not got earlier? Will the minister give me these later?

Mr. Winters: Yes.

Mr. Macdonnell (Greenwood): The whole point is to find the relative cost.

Mr. Drew: Mr. Chairman, in regard to the questions that have been asked about the suppression of films, I am aware that the minister has not been in charge of this department for very long, but he has officials here with him. Recognizing that he can obtain the answer from them I would ask him if information is not available about a film that was prepared by the national film board on Russia, giving a picture of conditions in that country prior to the revolution, during the 1917 revolution and afterwards, and the film was suppressed because it was regarded as giving too favourable an interpretation of what had happened in Russia.

Mr. Winters: I learn that the picture to which the leader of the opposition is referring is called "Our Northern Neighbour". It was not suppressed. I understand that with the exception of the province of Quebec it enjoyed unrestricted distribution in Canada.

Mr. Fraser: I saw the picture that was taken at Chalk River and there was absolutely nothing in it that those who read the scientific magazines would not know. I imagine that why the members of the national film board were screened is that they were screened on going into the plant and not in relation to the pictures that were taken.

Mr. Winters: That is right.

Mr. Fraser: When I spoke this afternoon I told the minister that I thought the films of the national film board were greatly improved. I thought that the film taken at Chalk River was an excellent one.

I believe that the hon. member for Spadina suggested that I was criticizing the film board unduly. I am a great lover of motion pictures.

Mr. Whitman: Just a great lover.

Mr. Fraser: The hon. member for Winnipeg North criticized me. He read an editorial on those who criticized the film board. I believe that I have as much love for art and as much artistic ability as any hon. member in this house.

[Mr. Winters.]

Mr. Fournier (Maisonneuve-Rosemont): Congratulations!

The Deputy Chairman: Order.

Mr. Fraser: This afternoon I mentioned the stills department of the film board. I understand that on occasion the stills department of the film board solicits business from manufacturing plants. They go into a manufacturing plant and ask if they can take a photographic survey of the plant.

Mr. Winters: I am told that that is not so.

Mr. Fraser: Information to that effect has appeared in the newspapers. I am glad that that is not so. In the past there have been instances where the national film board has had to employ outside camera men. I wonder whether that is because the film board is not paying top prices for good camera men. Is that why the board goes outside?

Mr. Winters: The national film board retains only four camera men on a permanent basis. It often happens that the volume of the work is such that it is necessary to hire outside camera men.

Mr. Fraser: This afternoon I asked the minister about large blow-up pictures. What are they used for and to whom are they sold?

Mr. Winters: For photo murals used for display purposes at such places as exhibitions.

Mr. Cruickshank: May I ask the minister a question? Has the film board taken any pictures of the pipe line?

Mr. Fraser: I should like to ask the minister another question.

Mr. Cruickshank: I have not received an answer to mine.

Mr. Fraser: The following advertisement appeared in a New York magazine, put in by the national film board of Canada, 620 Fifth avenue, New York. I brought this up in the house once before. This is how it reads:

> The answer to this question may necessitate reviewing his life from birth . . .
>
> Why won't Tommy eat?
>
> 16 mm sound—2 reels—colour—$150 list

Was the film board set up to sell films of that kind in the United States? It was set up for educational purposes. Was it set up to sell 16 millimetre films in the United States or in any other countries?

Mr. Winters: Yes; under the terms of the act it is quite possible that prints of that nature can be sold in the United States.

Mr. Fraser: I wonder whether the business managers who come in on the job will check and find out whether it is proper to do that

or not; whether you are making any money or not, or whether Canada gets any prestige out of selling advertisements of that kind. I do not think it is good advertising for Canada. I think it would be better to advertise Canada in some other way.

Mr. Harkness: In his reply to the leader of the opposition a moment ago the minister said that a certain film referring to Russia was suppressed in the province of Quebec but was distributed throughout the rest of Canada. What was the reason for that? If there is any place in Canada where Russian, communist or leftist propaganda would have the least chance of success it is in Quebec. If it was necessary to suppress it because of its slanting, or anything along that line, I think it should have been suppressed anywhere else in Canada except Quebec.

Some hon. Members: Carried.

Mr. Harkness: No. I should like to know the reason.

Mr. Fournier (Hull): That is not a question; that is a statement. The hon. member does not know the difference between a question and a statement.

Mr. Winters: The picture was not banned in any sense; but it came to the attention of the board that certain people felt it might be better not to distribute the picture in Quebec. Therefore it was not distributed in that province.

Mr. Whitman: I should like to ask a question. Were any films taken of the game between the Alouettes and the Rough Riders and presented to the Calgary Stampeders before the final game with the Stampeders took place?

Mr. Harkness: I do not really think that is a satisfactory answer. The minister said that certain people thought it would be better not to distribute it in Quebec. That is not an answer.

Mr. Cruickshank: You have a closer connection with Mr. Duplessis than we have.

Mr. Winters: That is a matter of judgment to be exercised by the board and they exercised that judgment in what they thought was their wisdom.

Item agreed to.

889. Trans-Canada highway—to provide for preliminary engineering work and studies in co-operation with the provinces concerned, $25,000.

Mr. Green: Would the minister explain this item?

Mr. Winters: It is intended to cover costs incurred by the federal government in making surveys or carrying out any of the functions assigned to it under the act, until such time as further money can be voted by parliament. It is a preliminary allotment.

Mr. Green: It is the total vote for this fiscal year?

Mr. Winters: That is right.

Mr. Cruickshank: As I understand it, this film you are taking across Canada—

An hon. Member: Wake up.

Mr. Cruickshank: —will it be available to other branches of the government? They may wish to bring something else across Canada. I am asking this question, and I am not being talked out by anybody. I want an answer to it. This film is being taken at the public expense.

Mr. Winters: It is not a film.

The Deputy Chairman: I would inform the hon. member for Fraser Valley that this is an item for the trans-Canada highway, to provide for preliminary engineering work in co-operation with the provinces concerned. It is not for a film.

Mr. Cruickshank: Well, that is exactly what I have been trying to say. Will that information be available for other reasons, travelling across Canada? I am asking that question.

Mr. Winters: This is a specific vote under item 889 to provide an amount to carry out preliminary survey work on the trans-Canada highway. If the hon. member's question is as to whether it will be made available for purposes other than the trans-Canada highway, then the answer is that it is intended to apply only against that highway.

Mr. Cruickshank: I think that is a very fair answer, and I cannot see why we should pass this. After all the people of Canada will pay for it. If it is going to be available for one reason—and I am not against it at all—on a route across Canada, then why should not the information be made available to the people of Canada who are paying the bill—not you and I, but the people of Canada?

The Deputy Chairman: Shall the item carry?

Mr. Cruickshank: No, it is not carried. I am asking the minister why it should not be available to any other department.

Mr. Winters: The information made available to the federal government will be made available to any other department.

Mr. Cruickshank: Thank you.

Mr. Winters: If they so choose to use it.

Mr. Cruickshank: Thank you.

Item agreed to.

DEPARTMENT OF JUSTICE

121. Departmental administration, $256,281.

Mr. Diefenbaker: Mr. Chairman, there are one or two matters I should like to direct to the attention of the minister, and I shall be very brief. The first of these has to do with the question of sex crimes. I bring to the attention of the minister through you, Mr. Chairman, a resolution passed and forwarded to the minister by the Imperial Order Daughters of the Empire.

The resolution I have before me is dated at Nokomis, Saskatchewan, November 11, 1949, and reads as follows:

> We hereby endorse and approve the following resolution, which has been forwarded to the Minister of Justice, through the proper channels:
>
> "Whereas the 'determinate sentence' system now in use is unsatisfactory in dealing with many sex criminals who continue to be a menace to society after their release from prison;
>
> Therefore be it resolved that we the Imperial Order Daughters of the Empire ask that provision be made that all such criminals may be retained until competent medical authorities are satisfied that they are no longer dangerous to be at large in the community."

That is signed by Julia E. Nichol, Last Mountain chapter of the I.O.D.E.

A number of these resolutions have been forwarded to the minister. When legislation was before the house two years ago the question of sex crimes was discussed. The suggestion was made that those persons who are generally recidivists after discharge from an institution, provided it is a penal institution, during their incarceration should be subjected to psychopathic treatment, such as has proven so successful in the state of Massachusetts.

I would ask the minister what has taken place in the last year and a half in connection with this problem, which is on the increase, and which strikes fear and terror into the families of this country. The number of cases is increasing, and I would ask the minister if anything is being done to meet the situation. Is the system to which I made reference two years ago, namely that in use in Massachusetts, being considered for Canada?

When it had been in operation for one year in that state the results were found to be so encouraging that the system was increased and expanded. Today in Massachusetts, even among major sex offenders, with two or three previous offences, after psychopathic treatment the number of recidivists has been reduced to nine per cent.

The second matter to which I would direct the minister's attention is in connection with the extension of the Borstal system in this country.

May I say the government of Saskatchewan has—

Mr. Garson: I wonder if we might take up the matters raised by the hon. member when the penitentiaries items are before us?

Mr. Diefenbaker: This is a general discussion and as a matter of fact I am leaving at ten o'clock and the committee is to go on to something else. I am sure the hon. member for Yorkton will be able to assist me materially in outlining what has taken place in Saskatchewan since 1947 as the result of that system being adopted. There has been a marked falling away in recidivism in so far as juveniles are concerned. According to the latest figures available, in two years there has been a reduction of approximately 30 per cent in crime among young men and women. I know the interest the minister took in these matters when he was premier of Manitoba and I should like to know from him the plans of the government with regard to the extension of the Borstal system, of course within the limits of our constitutional set-up.

There is one other matter I should like to mention. We are approaching Christmas and in one of the jails of this country is a boy of 16 years of age who is under sentence of death for murder, the sentence to be carried out in February or March. There has not been an execution of a boy of that age for many years. What good purpose is being served by holding over his head for two and a half months a sentence of death, which is against public opinion? When a death sentence is imposed on a juvenile in Great Britain under circumstances where commutation must necessarily follow, there is no delay and I suggest to the minister that no harm would be done by having the governor in council commute this sentence. I realize that this comes under the jurisdiction of the Solicitor General, but as we are dealing with Justice estimates I am making this suggestion. I feel that public opinion generally would support my submission that no good purpose is being served by maintaining a death watch day and night over this boy. It does not act as a deterrent to keep him in the shadow of death and it will not be beneficial in so far as deterring others is concerned. I should like the minister to comment on that.

I should like to know what provision is being made for prisoners suffering from

advanced tuberculosis who are sent to penitentiary. Has it not been the general practice where a prisoner is suffering from advanced tuberculosis, regardless of the length of his sentence, to grant a ticket of leave as soon as possible in order to allow the prisoner to return home? I ask that because of a letter I received to that effect from one of the penal institutions. It is a rather dangerous principle to accept, that a prisoner possibly sentenced to a long term for a serious offence should be entitled to almost a free pardon because of illness and the difficulty of making provision for him to continue under incarceration.

These are four matters in connection with penal reform to which I direct the attention of the minister. When the minister makes his report I should like to have him state what is being done to implement the provisions of the Archambault report, particularly in the last eight or nine months.

Hon. Stuart S. Garson (Minister of Justice): Mr. Chairman, my hon. friend has asked a number of questions which for the most part have to do with the administration of penitentiaries, which he is quite right in saying comes under the Department of Justice. The annual report of the penitentiaries commission for the year ending March 31, 1949, has been in the printing bureau for some time but is not yet available for distribution. In lieu of the production of that report I had intended to make a statement which would be something in the way of a summary. I hope that in the course of making that statement I shall answer some of my hon. friend's questions, and then when I finish I shall answer those which have not been covered.

We in Canada are fortunate in that some years ago a most comprehensive study was made of the Canadian penal system by the Archambault commission to which the hon. member for Lake Centre has referred. That report can be regarded as almost a textbook on penology in Canada. There may be differences of opinion as to some of the matters set out in the report and as to the practicability of carrying out some of the recommendations in the precise form in which the commission made them, but I do not think there can be any quarrel on the part of anybody who is interested in penology with the broad principles therein set forth.

The report stresses that the basis for a good correctional system must be the protection of society. By that was meant a continuing and not merely a temporary protection. Simply stated, it involves three main principles. First, that those who are committed to penal institutions shall be kept in safe custody until they have served their sentences or are otherwise properly released according to law; second, that to the utmost extent possible the period of imprisonment shall be utilized to change and correct the antisocial habits that resulted in the sentence of imprisonment and to provide the prisoner with knowledge, habits and skills that will enable him to make his way in society upon release without again reverting to crime; and third, that as an aid to the second objective the prisoner will be treated humanely and fairly, and permitted such privileges as may be reasonably allowed with due regard to disciplinary and administrative requirements. I may say these principles have been accepted as the philosophy behind our present program in the Canadian penitentiaries under the commissioner, Major General Gibson, and his deputies, Mr. Joseph McCulley and Dr. Gendreau.

As steps in that direction we have first of all revised the salaries for all officers of the service. Whereas prior to 1945 the salary range for guards ran from $1,200 to $1,500 per annum, as the result of a series of salary revisions the initial salary for a custodial officer joining the service is now $1,980 rising to $2,280, with a higher scale for 20 per cent of the custodial staff reaching a maximum of $2,460. Instructors' salaries have a range of from $2,580 to $2,880, and chief keepers and chief instructors of from $2,280 to $3,480. The purpose of this has been to attract to this very important service a somewhat higher standard of talent than formerly was the case with a view to paying great dividends in the reduction of recidivism. That is one of the first replies I give to my hon. friend's question.

The next step has been taken with regard to the matter of having training courses for penitentiary officers. The first course began in February, 1948, and to date 213 officers have attended the eight courses which have already been completed. These courses are held at the Royal Canadian Mounted Police barracks at Rockcliffe, and are of six weeks' duration. The present courses are for the purpose of orienting our officers to the principles of sound modern penology, to increase their knowledge and to raise their standard in terms of their awareness of the factors that influence human behaviour, their knowledge of social problems and the causes of crime, their efficiency in their own specific responsibilities, their physical fitness, and their general interest in prison work as a career. We have tried to increase the salary schedule, to give training, and to convey to our custodial officers the pride and realization that they are in a very useful and worthwhile career in society in order that they

may in the conduct of their work have an altogether different approach from that of custodial officers of say fifty years ago.

Another step in that direction has been the proper classification of prisoners which is now recognized as an essential part of our correctional system if a program of individualized treatment is to be carried out. In 1947 classification officers were appointed in all our penitentiaries. These officers were specially chosen for their duties, and are all university graduates with training in social work and experience in occupational counselling. They interview all newcomers to obtain full information as to their educational, social and economic backgrounds, their mental capacity, and their general interests and abilities. The success of any treatment program depends largely on the willingness and the interest of the prisoner to participate in it. The classification officer plays a most important role in interpreting to the inmates of our institutions the opportunities that are becoming increasingly available for their sentences.

The next step is one of the matters raised by my hon. friend from Lake Centre. Prior to the completion of the sentence, as the prisoner approaches his discharge from the penitentiary, the classification officer is the link with the John Howard societies—these which my hon. friend has in mind—the national employment service and the other agencies designed to assist in the rehabilitation of the prisoner upon discharge. In that predischarge period, just before the prisoner is to go out into the world again, the knowledge that has been gained of his mental and manual assets and liabilities by a proper system of classification is one of the greatest importance in assisting him in re-establishing himself in society and not becoming a recidivist. When I say that, I think we all realize —certainly we who have this responsibility do—that classification is no magic fairy wand or formula which will provide a solution for all cases, but we have found that it does assist greatly in developing a plan of treatment which will be best suited for the needs of the particular individual prisoner who has been discharged.

Another step that has been taken towards the prevention of recidivism is the very considerable developments which have taken place in improving the facilities available for actual educational treatment, if you will, of these prisoners. The Archambault commission pointed out that education should be regarded as an essential part of any program of rehabilitation, and that it was fundamentally, as is obvious, a particular problem of adult education. The prisoner should be regarded as an adult in need of education as well as a criminal in need of reform, and the educational program should be sufficiently broad in scope to influence the basic attitudes of those who participate, and to open to them new means of occupying constructively the long hours of leisure which they have at their disposal while in prison.

Then there are the opportunities which have been provided for many years in the Canadian penitentiaries to learn useful trades in the various industrial shops and construction activities that have been carried on. This type of on-the-job training, while it has benefited those who had the will and ambition to apply themselves, failed to produce skilled workmen who after discharge could compete in quality and quantity with employees on the outside of the prison. That is to say, it helped all right, but it did not give the man discharged that degree of skill whereby he could engage in competition after his discharge with those who were outside the prison, in such a way as to earn a proper livelihood for himself. Therefore it was evident that if we were going to equip these young men to obtain and hold employment in the competitive world outside, we must first of all develop, as the folk schools in Denmark have done for their pupils, an interest and pride in their work, and then train them so well that the quantity and quality of their productive output would rival that of their competitors in outside shops, and give them a social consciousness and a sense of achievement that would make them capable of attaining a position of economic independence upon their release.

I am sure my hon. friend from Lake Centre and everyone else will agree that nothing can be done which is more calculated to prevent recidivism than to equip the prisoner upon his discharge to gain economic independence by honest activity. In most cases it is because he is not able to earn an honest living, or perhaps because he is not able to get the opportunity to earn an honest living, that he is pushed by force of circumstances into earning a dishonest living, and then we have another recidivist. With this aim in view, we embarked in 1947 on a program of full-time vocational training designed to give the trainees a thorough grounding in trade theory and practice on actual projects during a basic training period of approximately 1,000 hours —I should like the hon. member to listen to this—of approximately 1,000 hours or practically nine months' elapsed time by penitentiary work standards. In addition, the trainee receives instruction in the related

subjects of blueprint reading, shop mathematics and others necessary to achieve successful journeyman status. The initial courses were undertaken at Collin's Bay and St. Vincent de Paul penitentiaries. The trades included brick masonry, tinsmithing and sheet metal working, draughting and cabinet making. In January of this year this type of vocational training was extended to Saskatchewan penitentiary, and we now have organized similar courses at Dorchester.

I believe I should mention that the introduction of this training has had a marked effect upon the prisoners. There is a noticeable earnestness on the part of those assigned to vocational work, and they carry out their tasks with definite interest and attention. Already we have had several cases where "tickets of leave" have been declined, because the prisoner wished to complete his training. While we are not optimistic enough to expect 100 per cent recovery, I think we can say that this type of training is producing positive results, and is providing many young men with the incentive and ability to attain economic security which was not previously available to them. Such information as is available indicates that a high percentage of the trainees so far released, who have obtained employment, are still gainfully employed.

I should mention, perhaps, although this is not exactly a matter related to recidivism, that while the men are in the penitentiary we give attention to their physical condition. There has been a considerable increase in the amount of corrective surgery that has been undertaken. An extremely important part of penitentiary administration is the psychiatric work which is undertaken. I believe there will be general agreement that a good deal of crime is psychotic in nature. The psychiatric ward at Kingston penitentiary has been in operation for some months, and at other institutions the services of outside psychiatrists have been utilized in a considerable number of problem cases.

I should like to come now more directly to the point my hon. friend has raised, about the operation of these John Howard societies. I should like to refer to this matter of the placement and after-care of the prisoners upon discharge. The expansion and development of the activities of the various John Howard societies, as well as other prisoners' aid organizations across the country, have been most heartening to all of us who appreciate the importance of this work in making effective whatever efforts may have been undertaken to rehabilitate the prisoner during his period of imprisonment. No matter what training we may give a prisoner, no matter how successful our efforts may be inside the institution, if upon discharge the prisoner cannot get an opportunity of making practical use of that training, then all the expense and time will have been wasted.

In this connection, we utilize not only the John Howard societies and other prisoners' aid organizations, but also the assistance of the special placement division of the national employment service. It is important to find suitable employment for discharged prisoners as they emerge from the penitentiaries. The liaison which now exists between penitentiaries, through their classification officers, the local societies, and the national employment service, has proven most effective in providing information as to an individual's capabilities for employment, and in preparing him for placement. The results that can be obtained are dependent upon the proper attitude of society towards the discharged prisoner. His attitude towards society should be improved while he is in prison; but if we are to cash in on any improvement in his attitude towards society, then society must take a reasonable attitude towards him upon his discharge.

The results that can be obtained in this regard are dependent upon two factors. I mention the first one that comes to my mind, and that is a willingness on the part of the public and employers to offer employment to the man or woman who has served a prison term. The second factor is the will and the ability of the prisoner to hold a job once he has obtained it. This second factor, that is a prisoner's willingness to obtain and hold a job, can only be decided if he has an opportunity of getting a job. All too often that opportunity is delayed, because of the unwillingness of people to hire a man who has been discharged from prison until after his will has weakened, and any ability he had when he left the penitentiary has been dissipated. For that reason, the John Howard societies have been most effective in inducing that invaluable co-operative attitude on the part of society towards a prisoner upon his discharge.

With regard to some of the practical results, I might cite some statistics concerning educational facilities. The number of school teachers on the penitentiaries' staffs is now 17, more than double the number previously employed. On March 31, 1949, 1,205 convicts were taking correspondence courses of various types provided by the Department of Veterans Affairs and the provincial departments of education. The development of penitentiary libraries has proceeded during the year with a total of over 30,000 books now available. Circulation during the last fiscal

year amounted to a total of 423,445, or an average of over 100 books per convict during the year.

Classification procedure in all institutions—

Mr. Smith (Calgary West): Is the minister sure of that figure of 100 books? It means a convict reads a book every three days.

Mr. Garson: I am quite sure of that figure. It is contained in a summary signed by Major General R. B. Gibson, the commissioner of penitentiaries. If we all had the same amount of leisure as the gentlemen in the penitentiaries, we might read more books than I can at any rate.

During that period there has been a total of 7,436 interviews with classification officers. In the matter of training officers, 8 training courses for penitentiary officers have now been completed, and the ninth course is in progress. Of the 183 officers who attended the first seven courses, 126 obtained honour standing.

In the matter of vocational training the statistics are interesting. Up to the end of the fiscal year 1948-49, 31,521 man-days have been devoted to this form of training. There are now 27 instructors in the four penitentiaries employed in the supervision and direction of the various courses being undertaken. Reports to date indicate that over 65 per cent of those who have taken the vocational training courses, and have been discharged, have obtained gainful employment in their trades and are re-establishing themselves satisfactorily in normal life. I believe that is one answer to the question of recidivism. I believe that is a great improvement over what has prevailed in the past, and I think it is encouraging that 65 per cent of those who have taken the vocational training courses and have been discharged have obtained gainful employment and have held it.

The penitentiary industries output has increased from $605,889 to $622,864.

Mr. Smith (Calgary West): How many workers produced that?

Mr. Garson: There was a daily average of 1,836 convicts employed in these industries.

Mr. Smith (Calgary West): What about the previous year?

Mr. Garson: I am sorry, I have not the figures.

Mr. Fournier (Hull): May I move that this item stand, and with the unanimous consent of the house, we revert to a discussion of television.

The Chairman: By leave of the committee, discussion on television will now be allowed.

[Mr. Garson.]

Mr. Fournier (Hull): May I mention that if this discussion is terminated before eleven o'clock, Mr. Chairman, we shall revert to Justice.

DEPARTMENT OF NATIONAL REVENUE—
TELEVISION

Hon. J. J. McCann (Minister of National Revenue): The rediscussion of this item 934 comes under the heading of "Loans and Investments, Canadian Broadcasting Corporation". The purpose of this item is that it shall be a loan to the Canadian Broadcasting Corporation repayable with interest at a rate to be fixed by the governor in council on such terms and conditions as the governor in council may determine and to be applied in payment of expenditures to cover capital costs of television installations, and to support the development of the services. Such loans with interest shall be a charge on the revenues of the Canadian Broadcasting Corporation after the charge imposed under the provisions of section 17 of the Canadian Broadcasting Act.

Let me point out that, in the first instance, the purpose of this loan is to cover capital costs of the television installations and, second, to support the development of the services. Necessarily the capital costs in a great project like this will be very considerable, and the service charges over a period of years will also run into a great amount of money.

On March 28 last I gave to the house a statement of the present policy of the government on television. Perhaps it would be helpful for this discussion if I were to summarize that policy again. The government thought it wise to provide for extensive studies of the methods of television developed which would be suitable to Canada. For this reason the government included television as one of the subjects of inquiry for the royal commission on national development in the arts, letters and sciences which is now carrying on its work. In the meantime, however, the government decided that while the commission was conducting this inquiry, development of a Canadian television system should be undertaken on an interim basis. By entering the field now Canada would benefit substantially from the experience of others in the establishment of proper facilities and operating methods. A further advantage of development at the present time will arise from the large new outlet which will be provided for our Canadian electronic industry.

In that connection let me say that the experience of those in other countries, notably in the United States, during these past four years has proven beyond a doubt

that television is something which is in demand in that country and throughout the world but that it is a very expensive development. Because I have the responsibility of reporting to parliament on behalf of the Canadian Broadcasting Corporation, I made it my business to make a visit to New York; and through the courtesy of the Columbia Broadcasting System, the National Broadcasting Company, and private concerns such as du Pont, I think I was shown nearly everything they had to show with reference to the development of television at that time. I was told at that time—and that was two years ago this February—that they had spent something over $50 million in the experimental stage and that they had not proceeded beyond the stage where they could produce television in what is known as black and white in contradistinction to what is known as colour television.

Mr. Smith (Calgary West): Did Columbia not have colour?

Mr. McCann: Experimentally, but not as a telecast.

Mr. Smith (Calgary West): They were ahead of N.B.C.

Mr. McCann: Not at that time. I am speaking of two years ago.

Mr. Smith (Calgary West): I understand.

Mr. McCann: Since that time, I am informed, they have spent another $50 million. That means a total expenditure of $100 million to date by this and other companies in what is primarily experimental work in connection with that development.

In talking over the matter with the governors and the general manager of the Canadian Broadcasting Corporation I expressed the opinion at that time that I did not believe it would be in the best interests of this country to proceed at that time with the development of television; that we could well wait until such time as the development had proceeded further; that we could, in the matter of dollars and cents, save a great deal of money and let the United States people who were in this field and had plenty of it do more of the experimental work, and that when the time came for the introduction of television in this country we would have all the advantage of the experimental work that had been done up to that time.

Mr. Macdonnell (Greenwood): Will the minister tell us again what that exact date is that he is speaking of?

Mr. McCann: It will be two years in February. It was in February of 1948.

In addition to that, a further advantage at the present time will arise from the large new outlet which will be provided for the Canadian electronic industry. That of course means the manufacture of receiving sets for television. It might be of interest to tell the committee that at that time the sets that I saw there—and which were giving a picture that would be probably 16 inches by 20 inches—cost in the neighbourhood of $2,400. I was told that, in February of 1948, the cheapest set there cost in the neighbourhood of $400.

Mr. Smith (Calgary West): They are much cheaper now. The minister knows that.

Mr. McCann: Yes, exactly. That is the point I am going to make. To such an extent has the industry developed that, from the latest advertisements I have seen, television receiving sets can now be procured at a cost of from $90 to $100; and I am speaking of a good set. Hence I think we gained by the wait which we have had over the past couple of years. But I assume, and I think correctly, that if we do have television in Canada, we have a potential development of an industry for the production of television sets which will be of great industrial benefit to this country. It must be known that if television is going to pay, it will pay upon a commercial basis. In any great centre—and I will take the city of Montreal, for instance, as an example—you are not going to get people in commercial business to spend their good money for advertising unless there is a sufficient number of sets in that centre to enable the advertisers to reach their public. I would say that that is the basis on which success has been achieved in the United States and upon which today television, as I shall attempt to indicate later, is making progress in the commercial field. Now in large centres there are sufficient numbers of receiving television sets to make it commercially worth while for industrial firms to spend their money in advertising by that method.

From the social point of view, developments so far in other countries have made it abundantly clear that television will become one of the most effective means of mass communication which has yet been devised. This new medium can be of great benefit to the national life of Canada, if properly developed. On the other hand, it could have a negative or a detrimental effect on our national life if it grew up in a haphazard way or in an un-co-ordinated manner.

In making plans for television, the government has been primarily concerned to provide that Canadians in various parts of the country will have the opportunity to receive

Canadian programs. To ensure that this shall take place the government is prepared to give the necessary support for the establishment of facilities in Canada that will meet the desire of the Canadian people to have a television system of their own. Because of our relatively small and scattered population, special efforts will be required to produce a good measure of Canadian programs, and to link together different parts of the country by vision as well as by sound. For these reasons it is clear that a large measure of public participation in television will be necessary.

It is not the intention, however, to exclude private operations from the field of television. I want to emphasize that, Mr. Chairman. It is not the intention to exclude private operators from the field of television. The development of radio broadcasting in Canada, through a combination of public and private enterprise, in a manner which a vast majority of disinterested Canadians approve and support, has shown the feasibility of this method. The Canadian Broadcasting Act provides that for broadcasting there shall be a national system publicly owned and operated and that there also may be private stations, the operations of which are co-ordinated with those of the national facilities. This procedure will be adopted with suitable adjustments for the development of television. I point out to you, Mr. Chairman, and through you to the committee, that the fundamental policy is an exact duplication of what has been carried on in this country in the field of radio, namely, a nationally owned and operated system, and in addition to that private stations throughout the country to meet local and community needs.

The public operation of television will be established to be supported by those who benefit from the system. That is the system we have in Canada with reference to radio. Those who receive the benefits of the system are the people who pay for the maintenance of the system. At the same time private stations may be licensed. The government believes that in this way television will become the means of encouraging Canadian talent, of expressing Canadian ideals, of serving the needs of the country as a whole, and of stimulating and strengthening our national life and consciousness.

The following interim plan has therefore been adopted by the government: First, the general direction of television broadcasting in Canada, in accordance with the Canadian Broadcasting Act, will be entrusted to the board of governors of the Canadian Broadcasting Corporation which will arrange for television operations by the C.B.C. and by licensed private stations; second, in order to provide the required services the Canadian Broadcasting Corporation will (a) establish at this time national television production centres in the cities of Montreal and Toronto; (b) they will provide the services of television programs for broadcasting by stations which may be established in other areas of Canada, thus furnishing part of that programming. This service will be provided by the Canadian Broadcasting Corporation either by means of kinescope recordings or by direct physical relays when these are available; (c) establish transmitting stations in Montreal and Toronto in association with the national production centres there. Third: In any city or area in Canada, including Montreal and Toronto, a licence to establish one private station will be granted to a private organization giving adequate assurances of financial means and of service.

I might point out here that the number of private stations that are to be licensed in any city will be dependent upon the frequencies which are allocated to those cities by a mutual agreement. Of course, Canada has only a certain number of available frequencies in its possession and at its disposal to meet the needs of telecast.

In view of the high cost of television operations it is felt that individuals or groups interested in establishing private stations in any city may wish to form an association for the purpose of applying for a licence. The reason for that, Mr. Chairman, is the great cost of television. If anyone is interested in the matter of television or has made a study of it all he has to do is to review the experience of people who have established private television stations in the United States. In the articles which have been in *Fortune* magazine in July and October of 1949, one of which I have before me, instances are given covering almost all parts of the United States. These articles show that the capital cost of setting up a television station is in the neighbourhood of $500,000 or $600,000. In addition to that, in order to operate it, before it is brought to a paying basis, it costs another $500,000. Therefore if it gets to the place where private people are interested in it and wish to get a licence for television they have to be prepared to spend something in the neighbourhood of $1 million before they are likely to get any return at all.

With reference to the number of applications which we have had for private licences, we suggested that it might be in the interest not only of the individuals who had made the application but of the development of television for two or three of these people concerned in a certain city to get together and

form some sort of co-operation or arrangement and perhaps pool their costs. By doing that it would not be as much of a burden as it would be on one single concern.

Mr. Macdonnell (Greenwood): What was their answer to that?

Mr. McCann: The answer to that has been almost negative, I think. They have not yet made any arrangements to that effect. Fourth: In regard to network arrangements, whether by teletranscription or direct physical hookups, the same principles will apply as in the case of sound broadcasting.

It will be some time before there are enough receiving sets in Canada for television licence fees and commercial revenue to cover the cost of programs and operations. It is necessary therefore for the government to provide loans to the C.B.C. to cover the capital costs of necessary installations and to support the development of the service. For these purposes parliament is being asked, through this vote, to approve a loan of $4,500,000 this year. Let me emphasize that this is going to be a very costly undertaking. It is going to take a number of years to develop it, and it may well be that we shall have to come back to parliament in another year and ask for a further loan with reference to the further development. I might as well truthfully tell the committee that $4,500,000 is not going to cover all the costs of putting television into operation in this country.

It is expected that the national television operation will become self-supporting from licence fees and commercial revenue in a few years. The plan by no means provides for the exclusion of non-Canadian material from our television channels. One will see a great deal of comment in the newspapers. I have some articles before me. It has come up for discussion that there are certain American people who evidently have the idea that their particular films to be telecast would be excluded from the Canadian field. That is not so. Our plan by no means provides for the exclusion of non-Canadian material from our television channels. The public will wish Canadian stations both private and public to carry some good programming from other countries. The national plan does make possible however a core of Canadian television broadcasting reaching an increasing number of Canadians across the country. The government believes that this national plan provides for the minimum amount of public support and co-ordination necessary to provide for an adequate development of television in Canada. It also provides conditions under which private organizations will have the opportunity to use television channels, but in doing so will contribute to the building of a national Canadian television service, at the same time being assisted in good programming by the national system.

When I said the loan calls for $4,500,000, I think it is only fair to give the committee some detail with respect to how that amount would be spent. It will mean the building of two five-kilowatt transmitters, towers, two studio centres, two mobile units, and the purchase of sundry capital equipment. It is estimated that that cost will be $3,600,000.

In order to carry on television you have to train people in that particular new line of business. So that we figure that our training research and travelling will cost $195,000. Experimental technical operation, research and development will cost $470,000. We have allowed five per cent of the amount for contingencies, which is $235,000, making a total of $4,500,000.

It was mentioned this morning that last year we intended to ask for a loan of $4 million. That has been increased to $4,500,000 because of the fact that we will require $500,000 additional for capital expenditures to cover the cost of a studio built in the city of Montreal.

I think I should say that the C.B.C. project will be implemented approximately as follows: A group of officials of the corporation will keep on planning, both for construction, organization and programming for some time to come. Employees will gradually be assigned jobs on television, either full time or part time. A General Electric transmitter will be bought for Toronto immediately upon the passage of this loan at an installed price of $184,000. A similar RCA transmitter will be bought for Montreal at a cost installed of approximately $204,000. Both of these will be five-kilowatt, operating with frequencies now being earmarked for use at these two points, Toronto and Montreal.

Negotiations are being conducted with the city of Montreal officials for approval of a plan for a transmitter to be built on Mount Royal. In addition to the studios, of course, it is necessary to have transmitters. These are very costly because of the great height at which they have to be built. I am told the one in Toronto would need to be 560 feet high, and that that would be of steel construction. The one in Montreal will not be so high if we can get permission from the city of Montreal and from the Quebec government to build it on Mount Royal.

As I said, negotiations are being conducted with the city of Montreal for the approval of plans for the transmitter to be built on Mount Royal. When the agreement has been reached, final approval will have to be obtained—

Mr. Smith (Calgary West): That mountain must be a couple of hundred feet high.

Mr. McCann: Yes, I think so. And that would mean that the one in Montreal would be 200 feet less than would be necessary for studios at places like Toronto or Calgary.

Mr. Smith (Calgary West): I wondered how high that mountain was. My house is higher than the mountain they have there.

Mr. McCann: Above sea-level, perhaps. When agreement has been reached final approval will have to be obtained from the provincial cabinet, which has to confirm the use of the site at the city of Montreal. It is hoped construction will start on that transmitter as soon as weather conditions permit us some time next spring. Plans are now under way for the construction of television studios on the site of the Radio-Canada building in Montreal, with an extension on the sixth floor of that building for TV staff and services.

It is proposed to build the transmitter and studio on the site in Toronto now owned on Jarvis street, and plans are under way in respect to that part of the projects. Studio equipment and accessory equipment will be purchased as we go along, and as we have determined exactly what our needs will be.

Early next spring some personnel will actually start training in some phases of television. Early next fall it is hoped studios will be sufficiently advanced to permit the full training of required staff both on the programming and technical side. From time to time when transmitters are installed there will be some test programs going on the air at regular intervals and on a regular schedule.

This plan will lead to both transmitters going on the air, according to a predetermined regular schedule, about September, 1951. It is hoped that the $4,500,000 will cover this part of the first phase of the development of television. We may be short of money because of the necessity of building some studios in the city of Toronto and, as I indicated, it may be necessary to ask for further loans at another time.

When we project this over a period of years we believe that the total cost will be somewhere in the neighbourhood of $10,700,000. We believe that the transmitters will cost in 1950-51 something over $1 million, and that in the next year that expenditure can be spread somewhat more. Operations with respect to research will be $70,000 for research and $125,000 for training. Station operations, through the period up to 1955, will probably cost about $9 million. Networks will cost $875,000, and contingencies $235,000. This would give a total expenditure up to that time of something in the neighbourhood of $10 million.

In making our calculation we are also looking at the revenue side, and we believe that in Canada in the first year there might be 2,250 receiving sets. In the next year we expect that that will go ten times as high, or 22,000 sets. By 1952-53 it will be probably 56,000 sets, by 1953-54, 111,000 and by 1954-55, 168,000.

If we count on the revenue from those sets, they should bring in a revenue of $3,600,000, and from commercial operation revenue $1,817,000. So that the total revenue in that period we estimate would be in the neighbourhood of $5,420,000. Our total expenditures would run as high as $14 million over the years and our revenue $5,400,000, leaving a net capital cost in the neighbourhood of $10 million. Let me point out that we do not wish to go into this business with our eyes shut. Over a period of years it is going to cost a lot of money. I feel we have followed a wise policy in not being too hasty with respect to this development. I believe that the policy of a nationally-controlled system in accordance with the powers given under the Canadian Broadcasting Act, and the benefit we have had of the experience throughout the years with respect to radio, will stand us in good stead and form a pattern for the development of this medium of communication as we go along.

I think perhaps it might be of interest to tell the committee something with reference to the progress that has been made in the United States. An article appearing in the Montreal *Gazette* of December 6 refers as follows to a speech given by Mr. John W. Craig of Cincinnati:

—John W. Craig of Cincinnati told members of the Canadian Club at a meeting in the Windsor Hotel yesterday:

Predicting that television will become a prime factor in Canada's national economy, as it is now becoming in the United States, Mr. Craig, who is vice-president of Avco Manufacturing Corporation and president of Crosley Distribution Corporation, criticized the idea that performances emanating from other countries should be barred from Canadian outlets.

"As television has entered the major consideration of the Canadian government and the C.B.C.," said Mr. Craig, "I have seen several statements to the effect that Canadian television should be for Canadians, and not a means of broadcasting non-Canadian visual material in this country.

Basically, it is very true that any nation's communications media should be devoted to native arts, science and progress. But isolationism here, as elsewhere, could easily be carried too far. We will miss an historic opportunity if we fail to encourage an exchange of television services between our countries. And by exchange, I most certainly mean both ways."

That is, there would be a market in the United States for our films to be televised or telecast just the same as the United States would expect that we would telecast certain of their films in this country. The article continues:

"Television will have a tremendous impact on Canadian life, as it has had in the United States, where the industry is barely more than four years old," he said.

I ask hon. members to note that:

He cited figures on its economic growth below the border, where, he said, there will be 20,000,000 sets in use by 1953, with 75,000,000 people listening to 700 stations. More than 1,000,000 persons will be engaged in the industry within the next five years.

Referring to television's economic growth, he said it outstripped radio this year in dollar volume. Number of sets produced were 6,500 in 1946; 175,000 in 1947; 1,700,000 in 1948; 2,500,000 in 1949.

Related to the population of this country those figures suggest what is possible in the development of the electronics industry here. The article continues:

Next year, he estimated, 3,200,000 sets will be produced. More than 150,000 persons are already engaged in the industry and there is a rush for new stations.

I emphasize again that from the point of view of the economy of this country there is a great potential development if we go along with this program of development of this important electronics industry. The report continues:

Demand for television sets exceeds supply and 1,000,000 more sets would be sold this year, if they were available, he declared. Surveys have shown that 75 per cent of sets in use are owned by families in middle and low income groups.

"Investment to date has not been profitable, but this is always the burden of pioneers in a major field of business," he said. "Industry has never quit under that burden in any worthwhile field and certainly there has been no quitting in this one."

I do not propose to take up any more time and I shall be glad to hear the views of the opposition or any others with reference to this matter. I have taken this time without apology because I wanted to outline some of the basic work that has been carried on so that we may have an intelligent and profitable discussion.

Mr. George A. Drew (Leader of the Opposition): Mr. Chairman, it is most desirable that the minister should have given this survey of the general policy of the government as well as certain details that were not placed before the house last March. One of the things the minister emphasized is that this appropriation of $4,500,000 is merely the item in this year's estimates and that it represents only a beginning of the expenditures that will be involved. He makes it clear that there will be heavy expenditures in the future.

I could not help being impressed by one aspect of the minister's remarks. He referred to a speech by Mr. Craig to members of the Canadian club in Montreal the day before yesterday in which he gave figures of the development that has taken place in the United States during the past four years as indicative of what we may expect here in Canada. The minister referred also to a statement made by Mr. Craig of the experiences in the United States and as to what we might expect this new development will produce in our economic and social life. I think it is appropriate to point out that Mr. Craig was discussing a development under a system where there is not a single government-owned television producing station. All of that development has taken place under a system where the broadcasting as well as the production requirements for broadcasting rest entirely with the ordinary commercial activities of that country.

Having said that, I am not saying that that disposes of the suggestion that governments should be in this field. I am simply saying that it should not be overlooked, when a development in television in that country is placed before us as an indication of what can happen here in the way of expansion and development, that that development took place under a system which we are in effect denying at the very outset as the basis of our system. It is true that the minister has said that licences will be granted to private applicants if they conform with certain requirements. There is no use going over what has already happened, but the fact remains that although a number of private applicants have wanted to start television broadcasting, they have not been able to do so.

They have not been able to do so because it has not been possible for them to conform with the mumbo jumbo of the supposed regulations that are placed before them. This idea of people associating for the purpose of starting a single station in a large centre sounds very well, but it is not nearly as practical as it sounds. The fact is that a number of the applicants either have ordinary radio broadcasting stations at the moment or are interested in other activities. For instance, the minister will know of one who is actually a producer of electronic equipment. Then there are other companies with interlocking interests in other concerns. This idea of merging something which is only part-time does not work in this or in any other social experience in this or any other country.

That has been the rule. It may be that a more practical basis for allocating licences may be worked out, but we should recognize

that the experimental development could be carried out without any expense to the people of Canada. There are private operators who are ready to risk their money to carry on through the experimental stages. I must confess that I am at a loss to see why it would not be good business from the government's point of view to allow that experimental stage to be carried forward with the risk capital of those who are prepared to put it up and then if the government is still of the opinion that it should be in this field on a wider basis, it could get into it.

Let us remember one thing in connection with the present situation. There is no similarity to the main purpose of the C.B.C. in what is now being done. At some future time there may be, but the fact that television conveys sound as well as a picture does not give it an over-all similarity to ordinary broadcasting. Ordinary broadcasting will carry for hundreds, and in some cases thousands, of miles. Television still has a very restricted effective area, and consequently the only way that a telecast can be seen over an extended area is to have a system of relay towers—I will not give the technical name but will describe them for what they really are—at sufficiently frequent intervals to carry the impulse forward at a maintained level so that the same image may be carried to a screen at a distant point as will reach the ordinary set within the immediate range of the first telecast studio.

The idea of setting up studios in Toronto and Montreal is, I suggest, contrary to the whole principle of the C.B.C. Why should public money in Canada be allocated for the purpose of giving telecast programs to the areas of Toronto and Montreal, or for that matter assume that you carry it still further and provide these facilities for the larger cities such as Winnipeg, Regina, Calgary, Vancouver, Halifax and Saint John? You have not even begun to approach a similarity to the C.B.C. because the area within which the television image may be seen is probably fifty miles at the outside around these cities. All the rest of the country, which is being asked to contribute through taxes to the maintenance of this great structure, gets nothing at all. On the other hand, ordinary broadcasting covers a wide area, and there are only a few parts of Canada that are not able to hear broadcasts through the co-operation of private stations which really do the major broadcasting in Canada today of programs emanating from C.B.C. stations.

With that difference I suggest that no sound reason has been put before the house for allocating one cent at this time. I believe this is a most improper, unsound and unjustifiable course. I say that believing that we should have television, and believing that the way we shall get television, without any sense of unfairness on the part of the taxpayer who gets no actual benefit, will be to permit those who are ready to carry it on with their own risk capital to provide for a television system. I am sure that thereby more Canadians will see television in the near future than if we place it under the restrictive procedure of the C.B.C. All that is going to happen here is that we shall be turning on a tap. The flood is going to come afterwards, but the trouble is we are going to put in the pipe, put a tap at a particular place, and then the flood is going to be in a limited area. This is a matter that in the experimental stage should be left to the initiative and the risk of those who are prepared to spend their money.

The advances in one year are almost incredible. Those who have seen telecasts in the United States a year ago and in recent weeks will find the change almost unbelievable. I should think it is likely that next year will see a similar change, and the year after that. This is the very time that a government agency should not commit public funds to something that is changing at such a rapid rate. In so far as this is concerned, I think we might also very well wait until we see what the developments are in the United States in regard to systems of extending the availability of television service through new methods.

I have said what I intended to say as to this item. For the reasons I have put forward I do not believe that on the merits one cent of public money should be put into this venture at the present time. But there is another reason why we should not be asked to pass this item now, one that is perhaps even more important from the point of view of the responsibility of government to parliament. The statement that the minister has made tonight as to policy is a summary of the statement which he made to the house on March 28 of this year. He has given more extensive figures as to the details. I may also say this is the first time we have had an indication that this is just putting in the penny ante, and that we can really expect the expensive chips to come later on.

Mr. Low: A slot machine.

Mr. Drew: This is just the start; this is just the primer. Once we are into it then on the ground of giving Canadians real service we shall be asked to support really large amounts for the next stages of this activity. That is the history of this whole development, and it will be the history in our case if we proceed with it. The minister has frankly indicated that this is just the beginning of

a very expensive venture. There is another reason why it should not be considered now. After the minister had made his statement of policy on March 28, the hon. member for Eglinton said:

> May I ask the minister a question arising out of the statement he has just read? Will the radio committee have an opportunity of reviewing this policy and reporting to the house before the house is called upon to approve the loan of $4 million?
>
> Mr. McCann: The answer is definitely yes.

Mr. Chairman, I submit the government is bound in honour to live up to that undertaking, and not to ask the house, with the majority the government has behind it or otherwise, to pass a loan of this kind when it has given an explicit undertaking that the house will have the opportunity to examine the policy in the radio committee before a decision is made. It could not be more explicit. Surely the minister's words, "the answer is definitely yes", are as definite now as they were on the 28th of March.

Mr. McCann: Relative to the circumstances that obtained at that time.

Mr. Drew: Relative to the circumstances that obtained at that time, and the circumstances that obtained at that time were the solemn undertaking by the government to appoint the radio committee. If the government had any intention at all of asking for this loan at this time, it should have appointed the radio committee at this session, and in that way carried out its undertaking. It is no use saying: Oh, the $4,500,000 is printed in the estimates; of course we intended to deal with it. The $4,500,000 was printed in the estimates last March when that undertaking was given. The fact that the government decided not to continue the session at that time does not change the undertaking. The fact that the government, consequent upon dissolving the house at that time, was returned with the very substantial majority which is so frequently referred to by the government in regard to the things that it puts forward, is no reason at all why the government should now say that their undertaking at that time was only related to the circumstances. At that time the government knew there was going to be an election, and a statement such as that would mean that the undertaking meant nothing. I do not think the minister will make that statement because that would be the only meaning that could be attached to it, that it was not intended to mean anything. Some strange statements have been made by this government, but not yet so strange a statement as that. On the basis of that undertaking I submit that the government is in honour bound not to ask for the passing of this item, but should recognize the undertaking to set up a committee immediately the next session opens to deal with this question of policy, and then let the house decide, with some knowledge of what it is all about, after having listened to experts and not having listened to the minister repeat a speech made to the Canadian Club in Montreal—excellent though it may have been—as a basis for our decision of what this may mean to our economy.

Mr. Hansell: Mr. Chairman, I do regret that this particular item in the estimates has been reached at this late hour. When the member for Eglinton raised his point of privilege this morning, I understood the house leader to indicate that he would make a place for the discussion of this item on tomorrow's program.

Mr. Fournier (Hull): May I interrupt for a moment? Before six o'clock I was informed that the officials of the C.B.C. could not be present tomorrow or Friday, since one of the gentlemen is entering hospital tomorrow. I did speak to the leader of the opposition, and suggested that if the hour between ten and eleven this evening could be set aside for the debate, the two officials would be present. At six o'clock, I did announce we would take this hour, and those were the circumstances which led up to this discussion.

Mr. Hansell: I appreciate the minister's remarks. I was not in the house at five minutes to six, and I do agree that the circumstances warrant the matter being brought up tonight. I must point out, however, that since the minister has made his statement, it only leaves about 25 minutes to discuss this matter. It happens that I have only 5 minutes left.

Mr. Fournier (Hull): We would have no objection to giving unanimous consent if the hon. gentleman wishes to speak after eleven o'clock.

Mr. Hansell: I think that is what ought to be done. I believe the leader of the opposition has covered this matter thoroughly, but there are one or two things which he left out that deserve some attention. I would call to the attention of the minister and the house the fact that there is a royal commission on arts and letters listening to the various representations being made about this whole matter. This house is being asked to vote $4,500,000 to the Canadian Broadcasting Corporation for its proposed television operation, without knowing what that royal commission is going to report.

Unless the minister has some inside information, which I do not think even a minister of the crown should have while a royal

commission is sitting, how does he know what the royal commission will recommend? Does he know that the commission will not recommend that the Canadian Broadcasting Corporation remain outside the field of television? Nobody knows that. The leader of the opposition brought to the attention of the house the fact that the minister committed the government not to introduce this loan of $4,500,000 until the parliamentary committee on radio could be set up. The minister replied that he gave that commitment under the circumstances prevailing at the time. Since the royal commission is sitting today, the circumstances are even more acute now than they were at that time. There should be a special committee on radio before this loan is granted.

While I do not know what the terms of reference for the radio committee would be, in all probability it would have the advantage of the commission's report to guide it. I say, Mr. Chairman, that the government should be urged not to go forward with this matter at this particular time. Why all the rush? Parliament will be sitting again within a couple of months, so why the rush now? It seems to me that the rush is to accomplish this before the royal commission reports. Now, that is exactly the way it appears to me. Four and a half million dollars is a lot of money. I know the minister can say that this is a loan, but the minister has also said it is only the beginning. Television costs a tremendous amount of money, and the end is not yet.

Upon the basis of his own words, the minister may come back to this house on future occasions for further millions, so there is no purpose in asking him when this $4,500,000 loan is going to be repaid. If what the minister says is true, then it would appear to me that the $4,500,000 now being lent, plus perhaps another $5 million later, plus another $5 million or $10 million later, and plus something else later, running into $30 million or $50 million, will never be repaid. I agree with the leader of the opposition when he says it will mean taxing all of Canada for television services that will accrue to those who are citizens of the metropolitan areas. Now, that is not right. I am not saying that the Canadian Broadcasting Corporation should not enter the television field, but I am saying that if it is going to cost so much money, and private interests are willing to enter that television field without calling upon the Canadian taxpayer to foot the bill, then private interests should be given the opportunity of so doing. Up until now, they have not been given that opportunity. As a matter of fact, if anything, private interests have been discouraged.

The minister read from a report, Mr. Chairman. He concluded that report by saying that, in the past, industry has never quit when it has had to put up vast sums of money; it has seen the thing through. They have risked those funds. If he says that, he is offering an excellent argument for private enterprise. Let us be assured that it is private enterprise that is risking its own funds, and is seeing the industry through to a successful conclusion.

Mr. McCann: That was a quotation from Craig's speech.

Mr. Low: Which you used to bolster your own arguments.

Mr. Hansell: Which was used as an argument for supplying a crown corporation with funds that did not have to be repaid, as long as the taxpayer continued to foot the bill; that is the position.

The Canadian Broadcasting Corporation is in the commercial field, Mr. Chairman, running competitively with independent radio broadcasting. I have no objection to that. But if they are in the field running competitively with independent broadcasting interests, then why should the corporation itself not be able to put up the funds for expansion in this field? That is what the private enterprise of the radio industry desires to do. Why do they not have the same thing, operating side by side as they do? I say again—and I emphasize this—that since the royal commission has not concluded its work and has not finalized its report and recommendations, this loan could well stand for the time being until that royal commission has reported. Then again, the minister has already said that this television is an expanding art. The fact of the matter is that much of this money may well be spent on equipment that might in a few years become obsolete.

Mr. Coldwell: Eleven o'clock, Mr. Chairman.

Mr. Hansell: I know it is eleven o'clock.

Mr. Coldwell: How long are you going to be?

Mr. Hansell: Only a few minutes. They told me they would let me go ahead.

Mr. Mutch: Finish with it.

Mr. Hansell: I will ask the minister one or two questions, Mr. Chairman, since we are in committee, and then I will sit down. I do not think we can be satisfied with the statement the minister has given with respect to the future over-all plans for television in Canada. All he has told us is that they will

be coming back for more money later on. What is that plan? That is the thing we should know. Another question I should like to have answered is this. How many frequencies are available in Montreal and in Toronto? If the Canadian Broadcasting Corporation are going to take one frequency in Montreal and another one in Toronto, then will the other frequencies be available to private interests that would like to enter this field and develop it? If we grant this loan, will recognition be given to private operators where these frequencies are available in other parts of Canada in which the corporation is not at present prepared to enter the field?

In conclusion I think I should say that we as a party are absolutely opposed to passing this item until a committee has had ample opportunity to investigate fully and completely and to recommend to parliament that we make this loan of $4,500,000.

Mr. McCann: May I answer the hon. member for Macleod now with reference to the frequencies. In Toronto there are only three television channels available. One of those is reserved for the C.B.C. That would mean that there are two channels there available for private broadcasters.

Mr. Coldwell: Has that been decided? Has it been decided to grant the television channels to private broadcasters?

Mr. McCann: That is an international understanding.

Mr. Coldwell: For private broadcasters?

Mr. McCann: No, the number of frequencies available.

Mr. Coldwell: No. You said two frequencies were available for private broadcasters. Has that been decided?

Mr. McCann: I said that would leave two; I said that we were taking only one.

Mr. Coldwell: But the two have not been given to anyone else?

Mr. McCann: No, they have not been given at all yet.

Mr. Coldwell: They are still public property?

Mr. McCann: Yes. In the city of Montreal there are five channels, and two of those have been reserved for the C.B.C. In the city of Hamilton there is only one channel.

With reference to the statement that I made before with a view to having applicants get together, there were four applications from the city of Toronto: CFRB, CKEY, Famous Players Corporation and one individual by the name of Mr. O'Leary. If there are only three channels available in the city of Toronto, and one for the C.B.C., that leaves only two that could go to four of them. For that purpose we suggested that it might be advisable for them to get together in order that they could take advantage of them. I may say here that there has not been any rush on the part of private individuals to get into this field because of the fact that it has been so costly. I think we are quite within our rights, as custodians of these channels, to ask people who make application for one of them this question: Are you prepared to spend the money that will be necessary to put this development into operation? In very few instances was that the case; I think in only one, as far as I know at the present time, and that was from the city of Montreal. In very few instances did they say that they were prepared to spend an amount of money sufficient to carry on that development.

Mr. Coldwell: Eleven o'clock, Mr. Chairman.

Mr. Drew: Speaking of the case in Montreal, may I ask this question? Is it not correct that the Marconi Company and La Presse both suggested terms in money?

Mr. McCann: That is true.

Mr. Coldwell: It is eleven o'clock; if this is going on, I think we should call it eleven o'clock. If we are going to have a vote right away, then all right.

Mr. McCann: No. The item carried last night.

Mr. Casselman: No, no.

Mr. Fournier (Hull): Yes. Then discussion took place this morning. The item was called last night. It was passed and carried.

Mr. Casselman: No.

Mr. Fournier (Hull): And it was so reported. I have had the officials of the house look up the journals and they have not been able to find anything in the way of a formula to bring that item back before the committee.

Mr. Casselman: Look at *Hansard*. There is not a word in *Hansard* about it.

Mr. Fournier (Hull): What I said at eleven o'clock was that, in a spirit of co-operation, we would find time to discuss television. If you read *Hansard* tomorrow—and I have read it over myself to be quite sure of what I said —you will find there was no question that we would reopen that item, have another discussion and have a vote on it. I think that position is exactly the position taken by the chairman; and I do not think we should let the chairman down because most of the members of the majority think he was right.

Mr. Coldwell: I suggest, Mr. Chairman, that we call it eleven o'clock. I do not think that the pages and the staff should be kept here any more than the members of parliament.

Mr. Drew: Let us have one thing quite clear. I cannot believe that any of the hon. members this morning had it in their minds, when it was understood that this item was to be discussed, that we were merely being afforded an opportunity to speak for the sake of hearing our voices in this chamber. I cannot conceive of any circumstances which would justify the taking of this time unless we were discussing this item with the idea that the arguments put forward would be directed to the item itself. It seems to me that there is another reason that I mentioned earlier why this item should not be considered to have been passed, and I am not now arguing as to the ruling or otherwise. There was a reason why the government should not have permitted that item to be called last night and that is that it will be a gross breach of faith if the government seeks to pass this item in the face of the undertaking that was given by the minister last night.

Mr. Rinfret: It was passed last night. Look at *Hansard*.

The Deputy Chairman: May I refer hon. members to *Hansard* of yesterday, page 2828, which shows clearly that item 934 was carried. May I also refer them to *Votes and Proceedings*, which are the journals by which we should go. As will be seen from reference to page 345, item 934 was carried. It being eleven o'clock, shall I report the resolution?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Tomorrow we shall take up peaceful departments, namely, post office, external affairs, justice, transport, mines and resources, health and welfare, veterans affairs, public works, trade and commerce.

Mr. Harkness: In that order?

Mr. Fournier (Hull): In that order.

Mr. Drew: That leaves what departments?

Mr. Fournier (Hull): That will leave a few departments, also peaceful I hope. There are nine departments. I think it covers nearly every department that has not been discussed.

It being 11.15 o'clock, the house adjourned, without question put, pursuant to standing order.

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

DEPARTMENT OF RECONSTRUCTION AND SUPPLY

A—Department—

381. Departmental administration—formerly under demobilization and reconversion, $98,180.

382. Public projects branch—formerly under departmental administration, demobilization and reconversion, $123,380.

383. Canadian government travel bureau—to assist in promoting the tourist business in Canada, $1,298,277.

Demobilization and reconversion—

384. Reconstruction projects, subject to allocation by the treasury board, $1,000,000.

385. To provide for contribution towards cost of subway at Sudbury, Ontario, to implement agreement entered into in 1939 (revote), $100,000.

Housing development, including commitments of previous years—

386. To provide for payments of amounts owing under guarantees pursuant to item 571 of schedule A to the Appropriation Act No. 5, 1947 (and pursuant to corresponding items in previous appropriation acts) to approved lending institutions in respect of loans made for the purpose of financing the conversion of existing houses into multiple family houses, such payments to be made out of unappropriated moneys in the consolidated revenue fund, $1.

387. Emergency shelter—administration, $350,000.

B—National film board—

National film board, including the motion picture bureau—

388. General administration, including technical administration, $249,084.

389. Production of films, including authority to finance temporarily work performed for other public authorities or other agencies as the public interest requires, $784,000.

390. Distribution of films, $829,826.

391. Production and distribution of other visual materials, $121,000.

A—Department—

560. To provide for advances to the Central Mortgage and Housing Corporation for the construction and conversion of houses for rent to veterans and married members of the armed forces, including the acquisition and development of land, and the purchase of building materials, $75,000,000.

889. Trans-Canada highway—to provide for preliminary engineering work and studies in co-operation with the provinces concerned, $25,000.

Demobilization and reconversion—

890. Reconstruction projects, subject to allocation by the treasury board—further amount required, $1,000,000.

B—National film board, including the motion picture bureau—

891. Production of films including authority to finance temporarily work performed for other public authorities or other agencies as the public interest requires—further amount required, $10,500.

892. Distribution of films—further amount required, $56,500.

893. Production and distribution of other visual materials—further amount required, $6,500.

HOUSE OF COMMONS

Thursday, December 8, 1949

The house met at eleven o'clock.

PRIVILEGE

REFERENCE TO EDITORIAL IN TORONTO "SATURDAY NIGHT" OF DECEMBER 6

Mr. Jean François Pouliot (Temiscouata): For a long time, Mr. Speaker, I have not risen to a question of privilege. I will do so now. My attention has been drawn to an article which appeared in the stalest of all weeklies, edited by the most self-complacent of all idiots; I refer to Toronto *Saturday Night*. The article is probably from the pen of a bureaucrat-minded, bigoted, besotted nonentity, the Canadian pocket edition of Harry Hopkins. It is on the word "blokes", which I have used in the past and which I will use again. I want to give my own definition of the word and what I mean by it when I utter it. It is quite different from the dictionary meaning. Whenever I use that word in the future everybody will understand what I mean.

Here is the article:

> The word "blokes," which is not very familiar to English-speaking Canadians, has come into popularity with certain French Canadians as an uncomplimentary designation for Englishmen—probably in much the same way as "Boches" came to be applied to the Germans.

That is false. The article continues, speaking of the member for Temiscouata:

> He is entitled to that view, but we do not think he is entitled to express it in the House of Commons in language of carefully calculated insult.

This is untrue. I do not call a "bloke" a man who is necessarily born anywhere outside of Canada. The word "bloke" applies to everyone, born anywhere, who is stupid enough to consider Canada a lemon to squeeze.

ATOMIC ENERGY

First and final report of special committee on the operations of the atomic energy control board.—Mr. McIlraith.

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—CONSULTATION WITH PROVINCIAL GOVERNMENTS —TABLING OF FURTHER CORRESPONDENCE

Right Hon. L. S. St. Laurent (Prime Minister): I should like to lay on the table copies in English and French of the letter addressed yesterday to the premiers of the provinces with respect to the proposed conference on the procedure for amendments to the British North America Act. As was done on previous occasions, I imagine that hon. members would wish to have this letter printed as an appendix to *Hansard*.

Hon. members will note that in addition to this conference for the purpose of advising on a method of making in Canada amendments to the constitution, the government of Canada is proposing to the premiers of the provinces that there be another dominion-provincial conference after the next session, and that the preparatory work on such a conference be undertaken as soon as possible.

Mr. Speaker: Is it the pleasure of the house that the letter appear as an appendix to *Hansard*?

Some hon. Members: Agreed.

(*For text of further correspondence, see appendix, page 2976.*)

EXTERNAL AFFAIRS

MEETING OF COMMONWEALTH MINISTERS AT COLOMBO, CEYLON

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, during the debate on external affairs on November 17, I said that Canada would be represented by a minister at the important forthcoming meeting of commonwealth ministers of external affairs to take place in Colombo, Ceylon, beginning January 9. I am now in a position to state that the government has decided that the Secretary of State for External Affairs should head the Canadian delegation to this conference.

The Minister of Fisheries, who will be representing Canada at the meeting of the governing body of the international labour organization at Mysore, India, at the beginning of January, will also, I hope, be available to attend the Colombo conference if the labour conference finishes in time.

The advisers to the Canadian delegation to the Colombo conference will consist of the deputy under-secretary, Mr. Reid; the head of the Far Eastern division of the department, Mr. Menzies; and Mr. Lepan, of the economic division of the department.

It has been arranged that the newly appointed Canadian high commissioner to Pakistan, Mr. Johnson, will travel with the

delegation to Colombo en route to his post, and will also act as an adviser. A senior official of the Department of Trade and Commerce will accompany the delegation, because we hope to take advantage of our presence in Karachi, New Delhi and Colombo to explore the possibilities of increased trade between Canada and Pakistan, India and Ceylon.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*REPORTS ON PERSONS RESIDENT IN CANADA

Mr. Coldwell:

Are any reports on persons resident in Canada given confidentially, or otherwise, by the R.C.M.P. to private citizens, companies or corporations?

Mr. Garson: Mr. Speaker, this question is rather wide in its scope. I conferred with the hon. member who asked it, and he has agreed to substitute for the question on the order paper the following:

Does the Royal Canadian Mounted Police make a practice of providing reports upon the request of employers as to the character of persons seeking employment with such employers?

The answer is no.

NATIONAL FILM BOARD—EMPLOYEES

Mr. Diefenbaker:

1. What is the total number of employees of the national film board who have ceased to be employed by, or under, the national film board, since the first of January, 1949?

2. Of these, how many have been transferred to, or have secured employment in, other departments or agencies of government?

Mr. Winters: In answering a similar question orally yesterday, and from memory, when my estimates were under consideration, I said, as to employees who left the board this year, that the number was 61. Actually the number is 67.

The answer to the question of the hon. member for Lake Centre follows:

1. Sixty-six appointed under authority of the National Film Act; one appointed under authority of the Civil Service Act.

2. Eight have been employed by other departments or agencies of government.

Mr. Fraser: The minister has corrected a statement he made in committee of supply yesterday having to do with the subject matter of this question on the order paper. He says the number should be 67, instead of 61 as he stated yesterday. Does that also change the number that have been transferred to other departments, which is given as eight?

Mr. Winters: No.

[Mr. Pearson.]

POTATOES—IMPORTS AND EXPORTS

Mr. Hatfield:

1. How many bushels of (a) Irish potatoes; (b) certified seed potatoes, were exported to the United States each year from 1940 to date?

2. How many bushels of (a) table potatoes; (b) seed potatoes, were imported from the United States during each of the years from 1940 to date?

Mr. McIlraith:

1. Exports to United States:

Calendar year	Table potatoes Bu.	Certified seed potatoes Bu.
1940	621,790	911,851
1941	229,336	676,500
1942	7,798	878,473
1943	63,646	1,056,622
1944	3,460,971	1,995,560
1945	3,433,319	2,163,477
1946	166,319	2,057,984
1947	2,859,284	2,216,497
1948	1,967,797	4,331,707
Jan. 1 to Oct. 31, 1949	1,073,964	4,713,163

2. Imports from United States:

Calendar year	Table potatoes Bu.	Certified seed potatoes Bu.
1940	994,338	2,357
1941	552,648	1,110
1942	671,408	335
1943	1,053,012	2,607
1944	348,220	5,700
1945	3,312,675	11,633
1946	5,409,588	34,492
1947	642,167	3,567
1948	338,053	1,592
Jan. 1 to Oct. 31, 1949	519,505	3,260

BRIDGE BETWEEN ALLUMETTE ISLAND, QUE., AND NORTH RENFREW, ONT.

Mr. Proudfoot:

Have any representations been made to the government by the government of the province of Ontario or by the government of the province of Quebec, asking for an interprovincial bridge between Allumette Island, Quebec, and North Renfrew, Ontario?

Mr. Fournier (Hull): No.

URANIUM

REPORTED SHIPMENTS FROM CANADA TO SOVIET RUSSIA

Right Hon. C. D. Howe (Minister of Trade and Commerce): Mr. Speaker, on the orders of the day on Tuesday, December 6, the hon. member for Vancouver-Quadra (Mr. Green) asked for a statement as to reports on the dispatch of uranium from Canada to Soviet Russia. I can now answer that question.

A search of the files of the Department of Munitions and Supply and the files of Eldorado Gold Mines Limited, the predecessor company of Eldorado Mining and Refining (1944) Limited, reveals the following facts:

On May 6, 1943, Eldorado Gold Mines Limited received an inquiry from their New York selling agent, Canadian Radium and Uranium Corporation, reporting an order from Chematar Incorporated, a firm of reputable New York exporters, for 500 pounds of black uranium oxide and 500 pounds of uranium nitrate. The inquiry reported that the destination of the material would be Soviet Russia, where it would be used for purposes connected with the prosecution of the war against nazi Germany; that the black uranium oxide would be used for ferro-uranium compounds, which in turn would be used in the production of armaments; and that the uranium nitrate would be used for medical purposes.

Eldorado Gold Mines Limited, which was then a privately-owned company, applied to the arms export permit branch of the Department of Trade and Commerce for a permit for the export of this material to the United States. This was granted by the zinc control branch of the metals controller on May 11, 1943, after it had been determined in the meantime that an export licence from the United States bureau of economic warfare had been issued.

The invoice of the material indicates that 500 pounds of black uranium oxide was billed at $1,275 and 500 pounds of uranium nitrate at $1,180, making a total billing of this material of $2,455.

The material was shipped on May 22, 1943, to Colonel A. N. Kotikov, resident representative of the Soviet government purchasing commission, air service depot of the air transport command, Gore Field, Great Falls, Montana, U.S.A. Payment for the shipment was deposited to the account of Eldorado Gold Mines at the Royal Bank of Canada, New York. The documents covering this shipment appear to be all in order.

Since its mining operations commenced, Eldorado had been producing uranium as a by-product of radium, which was the product of commercial interest at that time. Uranium was being sold for a number of uses through ordinary commercial channels. It was natural, therefore, that the order to which I have referred was treated as normal in both Canada and the United States of America.

At this time, 1943, only a very few persons —very few indeed—knew that experiments in the use of atomic energy for weapons purposes were proceeding. Those who did know, however, realized the wisdom of not calling attention, by refusing to fill commercial orders, to uranium as a material suitable for any use other than the commercial uses to which it had been put for many years—uses such as those stated for the shipment in question.

It will also be remembered that in 1943 we were at the very height of the war against nazi Germany. Naturally it was then the policy of all the western allies to render any help possible to the Soviet union in the gigantic war struggle which that country was waging, with its allies, against the nazis.

I should add that, as atomic energy research developed, uranium became valuable, of course, for weapons purposes. In 1944, therefore, the Canadian government expropriated Eldorado Gold Mines Limited, in order to acquire closer control of this new strategic mineral.

After the acquisition of the property, Mr. Grant Glassco, of the firm of Clarkson, Gordon, Dilworth and Nash, was appointed by the government as a commissioner to examine into the affairs of Eldorado Gold Mines and the successor crown company, and was instructed particularly to look for irregularities in the shipment of radium and uranium.

Mr. Glassco's investigation revealed nothing to suggest that, in disposing of radioactive substances acquired by them, Eldorado and its agents dealt with customers other than the United States government and the ordinary buyers and users of these substances in Canada and the United States. A close check of the files shows no evidence of any shipment from Canada being re-exported other than the shipment I have just mentioned.

Mr. Green: After I had asked the question the other day the hon. member for Lake Centre (Mr. Diefenbaker) asked a supplementary question in which he said:

> Two years ago the Minister of Trade and Commerce undertook to table the investigator's report in the Eldorado investigation. I would suggest that that be brought to the minister's attention, with a view to having it tabled because of its particular interest at the moment, having regard to the evidence that is being given in Washington.

Would the minister be willing to table the report?

Mr. Howe: I have had *Hansard* examined to see what I did say. I find that on March 24, 1947, on the order for the production of papers as reported at page 1657, the hon. member for Lake Centre moved that a copy of the evidence taken in connection with the investigation of Eldorado Gold Mines Limited and an alleged conspiracy by French, Pochon and Pregel to defraud the said company,

and the report by the commissioner in connection therewith, be tabled. I said that the report was not yet in the hands of the government, but in any event from inquiries I had made "it could not be tabled, for the reason that it contains information which is of a secret character affecting other governments as well as the government of Canada". That is the position today.

Mr. Green: That is the position still taken by the government?

Mr. Howe: Yes.

ELECTRIC POWER

DEVELOPMENT ON NIAGARA AND ST. LAWRENCE RIVERS

On the orders of the day:

Mr. T. L. Church (Broadview): Mr. Speaker, I have a question which I might have raised as a question of privilege. I am addressing it to the Secretary of State for External Affairs. In view of the statement made in this morning's issue of the *Globe and Mail* and in other newspapers I would ask him these questions:

First, has the government any further information on the development of power in the Niagara river? Officials say that nothing has happened there since 1920 or 1922.

Second, what hopes are there for the ratification of any treaty separately? The treaty with respect to additional power at Niagara was before the house in 1922 and 1923. Has the attention of chief officials of the government been called to a statement by chief officials of the Hydro Electric Power Commission of Ontario, who have been asking ratification of this for twenty months? A spokesman for the Hydro Electric Power Commission of Ontario has said that the report made in the house yesterday is erroneous; one of them went so far as to say—and used a word which I do not think should have been used—that it was "silly".

Is there any change in the international section of the St. Lawrence river regarding the use of power, either separately or in conjunction with the seaway plan? Will any further information be forthcoming before the session ends on these important matters? —because, as I said yesterday, no doubt blackouts are due in Ontario and in other places owing to the scarcity of power. Nothing has been done in the matter whatsoever. The Secretary of State for External Affairs should make a statement about it.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Speaker, at the present time there is nothing I can usefully add to what I said in this matter yesterday. However I shall look into the questions raised by the hon. member and see whether a supplementary answer might be made tomorrow, or during the consideration of my estimates.

Mr. Church: It is just all talk; that is all it is.

INQUIRY FOR RETURN

IMMIGRATION—JAPANESE NATIONALS

On the orders of the day:

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, I should like to ask a question of the Minister of Mines and Resources. Some weeks ago I placed on the order paper a question having to do with the immigration branch, and concerning permits being given to persons of the Japanese race to return to Canada. On November 21 that question was made an order for return. On December 3 the Secretary of State (Mr. Bradley) said that the responsible official was away, but that the return would be brought down as soon as possible. The minister's estimates are to be called today. I wonder if it would be possible to have that return before the estimates are under consideration?

Hon. Colin Gibson (Minister of Mines and Resources): Mr. Speaker, I have made inquiries and understand that this return is about ready. It has taken some time to secure the information, because the Japanese admitted to Canada are screened over in Japan before they come here. There was some difficulty in getting answers as to the categories in which the Japanese should be placed. I shall try to bring down the return later in the day, if it is available.

TRADE

INQUIRY AS TO CALLING OF COMMONWEALTH CONFERENCE

On the orders of the day:

Hon. W. Earl Rowe (Dufferin-Simcoe): Mr. Speaker, in view of the rapidly diminishing market overseas, referred to especially the other day by the Minister of Agriculture (Mr. Gardiner) in Brantford, would the government give consideration, at least before the calling of another session, to encouraging the taking of initial steps toward calling a British commonwealth trade conference?

Mr. Church: Mr. Speaker—

Mr. Fraser: Wait for an answer.

Right Hon. C. D. Howe (Minister of Trade and Commerce): The statement which preceded the question is one in which I cannot concur. I do not know of any rapidly diminishing market overseas. If there is any lack of trade, I suggest that at least we are having plenty of conferences.

Mr. Rowe: I suggest that the Minister of Trade and Commerce consult the Minister of Agriculture.

Right Hon. J. G. Gardiner (Minister of Agriculture): May I say to the hon. member that he might consult the report of the meeting. I did not include quite as much territory as he has referred to.

Mr. Casselman: Quite a bit, though.

UNITED NATIONS

CANADA'S VOTE AS TO INTERNATIONAL FORM OF GOVERNMENT FOR JERUSALEM

On the orders of the day:

Mr. T. L. Church (Broadview): Mr. Speaker, how did Canada vote last Tuesday in the United Nations committee regarding a plan to give Jerusalem an international form of government? Has the government any announcement to make on the subject? In the event of Canada's supporting it, how will effect be given to it? What army will be assigned by Canada to it, either by voluntary recruiting or otherwise? Has this last-mentioned matter been considered by the government?

Hon. L. B. Pearson (Secretary of State for External Affairs): I believe the plan to which the hon. member is referring is that which was introduced into the United Nations by certain delegations for the establishment of an international form of government for the city of Jerusalem. There have been other plans, but I think this is the one to which the hon. member refers.

Concerning that particular plan before the political committee of the assembly, the Canadian delegation abstained. It abstained on the ground that it was not satisfied the plan could be carried out effectively. The plan was carried in the committee, and I believe is being voted on today in the general assembly of the United Nations.

SUPPLY

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

POST OFFICE DEPARTMENT

307. Departmental administration, $1,441,235.

Some hon. Members: Carried.

Mr. Green: No. I should like to have a statement.

Some hon. Members: Carried.

Mr. Smith (Calgary West): I should like to have a statement on this from the minister. I do not even know what department it is until I get my estimates book open.

Mr. Fournier (Hull): Post Office.

The Chairman: Shall the item carry?

Some hon. Members: Carried.

Mr. Green: No.

Mr. Fraser: Mr. Chairman, when you called the item first—

The Chairman: I have called it three times.

Mr. Fraser: A page boy was standing in front of the minister and no one could hear. I am wondering if the Postmaster General is going to make a statement at this time—

Some hon. Members: No.

Mr. Fraser: —because there have been a great many changes in this department.

The Chairman: Shall item 307 carry?

Some hon. Members: No.

Hon. Edouard Rinfret (Postmaster General): Mr. Chairman, it is not my intention to make a statement.

Mr. MacInnis: I do not know whether my question should come under this item, but as I do not see any other item covering letter carriers I shall ask it now. I would draw the attention of the Postmaster General to the fact—

Mr. Rinfret: That would come under item 308.

Mr. Bryce: In the reorganization that has taken place in the Post Office Department, where some post offices have come under the civil service, is it only the postmaster who is so affected? What happens to the employees in the post office? Do they or do they not come under the civil service? Do they participate in superannuation?

Mr. Rinfret: For the moment, it is only the postmaster.

Mr. Bryce: Where there are two or three employees in a post office, is it intended to take them into the civil service so that they can participate in superannuation benefits?

Mr. Rinfret: The department has that in mind for future reference. There are still some postmasters to be taken in, and the others will just have to wait.

Mr. Bryce: Is it the intention to have employees in the post offices come into the civil service?

Mr. Rinfret: No decision has been made as yet.

Mr. MacInnis: As I understand it, this applies to the revenue post offices, and in that case the only person recognized as an employee is the postmaster, who in turn hires what staff he needs at whatever terms may be convenient at the moment?

Mr. Rinfret: The answer to the first part of the question is yes. The answer to the second part is no, because we control the terms and conditions of employment.

Mr. Fraser: Has any consideration been given to allowing mail to be carried free to the different veterans district offices? When these activities were concentrated in Ottawa a veteran could send his papers addressed to Ottawa without having to pay postage, but now that he has to send them to a district office he has to pay postage, and at times it is inconvenient for him to get to a post office to have his letter weighed.

Mr. Rinfret: That would not be permissible under the statute; there would have to be a change in the legislation.

Mr. Fraser: Does the Postmaster General not think that to change the regulations would be a move in the right direction?

Mr. Rinfret: I will consider it.

Mr. Shaw: There are a number of postmasters in Canada who have been operating on a straight commission basis and who are now being retired at sixty-five years of age. Has any provision been made to grant superannuation to those postmasters?

Mr. Rinfret: Since April 1, 1948, superannuation benefits have been available to postmasters in post offices with a revenue of over $3,000.

Mr. Shaw: When a postmaster is retired, is the vacancy advertised in all cases?

Mr. Rinfret: In the case of a post office with a revenue of over $3,000, the vacancy would be advertised through the civil service commission. Where an assistant has been in the employ of the department for more than fifteen years, he may be exempted from competing. In all cases notice is given to the Legion to submit any names of veterans they wish.

Mr. Shaw: Is the assistant who has been in the service for more than fifteen years automatically appointed to the position?

Mr. Rinfret: No. He may be exempted from competing if it is felt to be in the public interest to have him appointed.

Mr. Coldwell: Provided that he is qualified.

Mr. Rinfret: That is right.

Mr. Church: Mr. Chairman, I do not intend to ask the Postmaster General a number of general questions because he is new to the position and probably it would not be fair, but I should like to call his attention to certain conditions in the Toronto post office.

[Mr. MacInnis.]

The revenue and surplus obtained by this department in Toronto is considerable. In 1946 it amounted to nearly $11 million, but then the cost of rural mail delivery was charged against the surplus revenue and in 1947 it dropped to a surplus of $8,773,000, and in 1948 to a surplus of $9,827,000.

In view of the large surplus, would it not be possible to pay something additional to the low-paid employees of the post office? Ten thousand extra employees will be taken on during the Christmas season to help deliver mail, and they should be paid at a proper rate. I can remember when the Minister of Public Works, along with the former postmaster general, Mr. Mulock, accompanied me on a tour of the Toronto terminal "A" post office in order to see the conditions under which the workers were sorting the mail. There is one large room there that is not really fit for human habitation. There is hardly any ventilation. Employees should not be asked to work under such intolerable conditions.

I should like to compare the postal revenue of Toronto with that of Montreal, the chairman's district. I admit that in Toronto considerable revenue is derived from the two large departmental stores, but, eliminating that factor, the postal receipts for Montreal are about $10,500,000 as compared with $16,500,000 for Toronto. Yet we have no post office in that city. There is a terminal "A" which was built by the old Grand Trunk and then taken over by the Canadian National Railways and used as the main post office.

I should like to direct the attention of the Postmaster General to the difficulty encountered when trying to buy postage stamps. Many people will be travelling this Christmas, and they should be able to buy stamps on the trains, or at least in the larger railway stations. Many soldiers will be going home for Christmas, and they should be able to let their people know that they are coming.

I should like to see some action taken to give the low-paid workers a better deal as to pay and working conditions. An effort should be made to improve their hours of labour and their working conditions. With the amount of second-class mail they have to handle, they all have humps on their backs. I have seen them delivering mail in the various districts of our city. The amount of second-class mail that must be delivered is an intolerable burden on the poor postman who has to go out in weather such as we are having at the present time. There should be some other way of making effective second-class delivery. I hope that the minister, if he gets an opportunity during

the recess, will come to Toronto and investigate the post office situation. He has a good deputy and other competent officials in the department. In fact I know of no department of the public service that has more support of the people than the post office.

Mr. Rinfret: They deserve it.

Mr. Church: Everybody likes to see the postman coming around. They have a very efficient staff.

I am sorry to say that in this country the post office has not assumed many of the functions which it discharges in England. For example, telephones are under the post office in that country. I hope that in his travels the minister will go over to England with his deputy and investigate the functions which have been added to the post offices in England, France and other countries. As a result the post office in England is a great public utility, and is giving wonderful service to the people, as the post office here is giving to Canada. I believe there should be better working conditions and salaries for the rank and file members of Canada's Post Office Department.

Mr. Rinfret: The number of extra persons employed throughout the country for the Christmas rush is not 10,000 but 25,000. So far as the situation in Toronto is concerned, if action is necessary, action will be taken. As a matter of fact I have an engagement to go to Toronto on the 12th of December, provided that parliament prorogues before that time, and the deputy minister will accompany me. I will see what the circumstances of the situation are, and if there is anything to be corrected, I certainly will correct it.

Mr. Knight: I should like to ask a question or two about the holidays of postal employees. I am thinking now about the larger post offices where there are large groups of workers. Is there any uniform system throughout the country by which holidays are rotated, or do the post office staffs make their own arrangements in that regard?

While the minister is thinking about the answer, there are two or three other points which should be considered. It is obvious in an institution of this kind that all employees cannot get their holidays at the most favourable time of the year, which, in our part of the world, certainly would be June, July or August. There should be a system of rotation by which these favourable periods would be allotted to everybody in turn, irrespective of rank, seniority or position. A system of rotation would give every worker reasonable expectation of enjoying at least one good holiday every few years in terms of weather and the facilities dependent thereupon.

Then there is the question of changing of classes. I understand that in some post offices the holidays are arranged on the basis of classes of employees. A difficult position arises where a man is promoted. I do not know what the grades are, but let us say that a mail porter is promoted to the position of clerk. It seems to me that his promotion would upset the particular rotation. I wonder how that is handled. Would he automatically go to the bottom of the list in his new position?

Perhaps the minister will comment on the questions I have raised.

Mr. Rinfret: As to the question of holidays, I presume the hon. member for Saskatoon is talking about annual leave. If that is the question, they must of necessity be spread over a period of time—actually over a period of nine months. The choice is made by seniority, senior members having a preference over others in the choice of the time of the year at which they wish to take their holidays.

Mr. Knight: Do they have such a preference every year?

Mr. Rinfret: Senior members, yes.

Mr. Knight: Every year?

Mr. Rinfret: That is right; and it is done in accordance with the wish of the employees themselves. As to the second matter, the question is under review, in consultation with the employees.

Mr. Knight: I suggest that the wives and families of those at the bottom of the list on a seniority basis will hardly approve that regulation. I have heard there is some idea on the part of post office officials of changing the nine months' period to one of six months. I do not know whether there is a change of policy in view. The minister may be right when he says that the present system is the choice of the employees themselves, but I cannot conceive of such an arrangement being pleasant to most of them. Personally I do not think that rank or income should have any part in it. As a matter of fact those who enjoy higher incomes should be willing to give up these rights, because they can afford to maintain their wives and families at summer resorts, whereas the poorer employees cannot do so. There should be a system of rotation universally applied. When a senior employee has had his holidays in July, at a time when he can get the most enjoyment out of them, he should then go to the bottom of the list.

Mr. Rinfret: I am informed that the system was organized as a result of the unanimous wish of the employees. The question has to do with consultations we are having with the employees at the present time, and if they wish a change to be made in this connection, the matter certainly will be studied. It does not follow that because a senior member has a priority of choice for his vacation period, he will of necessity choose July or August. He might be a hunter, a fisherman, or a ski enthusiast, and might very well choose times suitable for the enjoyment of such recreations to take his vacation.

Mr. Knight: I suggest that ninety-five per cent of the people living in our climate would choose the summer months if they had a choice in the matter. The minister suggested that this was done as a result of the wish of the employees themselves. Does he mean the employees generally across Canada, or the employees in a particular unit, for instance, Winnipeg, Regina or Saskatoon?

Mr. Rinfret: It was the unanimous wish of all employee associations, and they are Canada-wide in scope.

Mr. Knight: The word "unanimous" means one hundred per cent.

Mr. Rinfret: That is right. Of course we do not know what discussions took place within the associations, but the end result is one hundred per cent representation to us by the associations.

Mr. MacInnis: Following what the hon. member for Saskatoon has said, I should like to say a word on this subject, because I think I know the issue involved. I have been associated with workers who regarded seniority as a very important matter. The hon. member for Saskatoon said he thought that ninety per cent of the employees might want a change made. I would agree with him if as individuals we were always able to look at things from the point of view of the majority. Unfortunately we are so constituted that generally we look at things from our own point of view. For years I was employed by an organization where seniority prevailed, and that seniority meant that some men worked on the day shift and others worked on the night shift. While a man was on the night shift he was always in favour of what we called the swing shift, but the moment he got on days he insisted that seniority should prevail. That is what happens here. The post office employees are organized; they have their associations, and there they determine how these things should be done. I would be reluctant to have the post office authorities make arbitrary decisions in these matters. In my opinion the best thing to do is leave it with the employees.

Mr. Cardiff: We have a new Postmaster General now, and often that means some changes are made. Has the Postmaster General given any further consideration to the extension of rural mail delivery?

Mr. Rinfret: These rural mail routes are being extended every week, almost every day. Applications are received, they are studied by the department, and whenever possible they are granted.

Mr. Church: I forgot to include one question in my remarks. In view of the revenues of the department, is there any hope of going back to the one-cent rate for drop letters for city delivery and the two-cent rate anywhere in the dominion?

Mr. Rinfret: I am afraid the answer would be that there is very little chance.

Mr. Brooks: I wanted to ask the minister a question in connection with rural routes. I understand there is a regulation under which there must be four mail boxes to the mile, and that regulation works great hardship in many country districts. On the one hand you may have fairly populous sections; then there will be other sections in which only a few people live, all covered by the one rural route, which means that the average will not be four boxes to the mile. It seems to me this is an obsolete regulation; it has been in force for a good many years, and I believe the time has come when people in the country districts should have daily mail delivery. In view of the large surplus the post office had last year, amounting to some $10 million, I do not see why this regulation should not be changed and the whole system revised.

While I am on my feet I should like to ask a question in reference to the post office in the village of Rothesay. I mentioned this matter last year. The situation there is almost intolerable. Rothesay is one of the finest villages in the maritime provinces, but it has a post office which would be a disgrace to any country crossroad. There are two large private schools at that point, a boys' school and a girls' school, in addition to a consolidated school; the population of that part of the county is growing rapidly, and I do hope the department will look into the matter. There have been a number of complaints, but nothing has been done as yet. I would ask the minister to give the matter attention.

Mr. Rinfret: As to the first question, increased costs have affected the Post Office Department just as much as they have affected other departments, and the various extensions of service that have been given have quickly diminished our surplus. It is not, as the hon. member said, a surplus of $10 million; it has been diminished to $2 million.

Mr. Brooks: The surplus last year was $10 million.

Mr. Rinfret: Yes, but this year it is only $2 million. If we grant too many extensions we may very well find ourselves in the red next year. As to the second question, I shall study the case of the post office the hon. member has mentioned.

Mr. Higgins: I have three questions to direct to the minister. As he will remember, I have had some correspondence with him in connection with the special stenographic allowance of $5 a month, which affects some 200 stenographers in the Post Office Department. On October 21 he advised me that he was going to discuss the matter with the civil service commission to see if something could be done.

The second question has to do with the carriage of mail by the ships of the C.N.R. around the coast of Newfoundland. I understand the present situation is that the mail is carried by crew members in their off-watch hours, in other words in their free time. Often a man will have to carry a bag of mail on his back for a mile or two, and I do not believe any provision has been made for compensation. Perhaps the minister could tell me whether the matter is being discussed, or what is the position.

The third question has to do with a comparatively minor matter, that is, the post office at Holyrood, as to which the minister will remember we had some correspondence. On November 11 I asked him for some information, but the matter probably slipped his mind. On November 8 he said he would inform me when an appointment was made, and since that time I have learned that an appointment was made on November 1. I was further informed that the appointment was made upon my recommendation, though certainly there was no recommendation of any kind made by me. I do not know how appointments in connection with these small post offices are made generally, but in our province they used to be more or less given to people who needed the little income obtained from operating the post office and supplying the service. In this case, however, I understand the appointment went to the wife of a wealthy merchant in the village of Holyrood, so I would certainly like to keep my skirts clear in that matter.

Mr. Rinfret: As to the special stenographic compensation, that was disallowed or abolished, not only in the Post Office Department but in all departments, under an order in council passed September 21, 1949, effective October 1, 1949. We have made certain representations to the civil service commission in that regard, but up to the present there has been no change in that policy.

As to the second question, I may tell the hon. member that the matter is under active consideration and an answer will be forthcoming in due course.

Mr. Higgins: Then may I say that compensation will be given these crew members?

Mr. Rinfret: I did not say that; I said we were considering the matter.

As to the third question, I am sorry I do not remember the circumstances in connection with the post office at Holyrood, but I shall have it checked and see what can be done.

Mr. Hansell: I want to ask the minister a question with respect to post office accommodation in two localities. I am well aware that the construction of new post office buildings comes under the Minister of Public Works, but I believe that post office accommodation generally is initiated through the Postmaster General. First I should like to ask about post office accommodation at Coleman, Alberta?

During the war years application was made for better post office accommodation. At that time the reason given for not providing such accommodation was that, because of the war, materials were scarce and perhaps skilled labour was unobtainable, and as a result the government were not carrying on any extensive construction. I believe that was a good reason. But within the last few weeks the application has been made again. Perhaps it is a little too soon to ask what progress has been made in that respect. I should be happy to follow up this discussion with documentary memoranda to the minister, but I know that he has been written to by the board of trade, and perhaps others. I understand the process is that application is made to the minister. Perhaps there are inspectors sent from the department, then recommendations are passed on to the Department of Public Works, and, from there on, something is either done or not done. Can the minister indicate what progress has been made in that respect?

While I am on my feet I wish to ask a second question; it is in respect to post office

accommodation at Nanton, Alberta. I should like to know what progress is being made there. The minister may have seen a return that was brought down in the house about a month ago in regard to that matter. I am not going to elaborate on it. The return did not show a pleasant picture as to negotiations respecting accommodation over the past few years at Nanton. The final result, however, is that the present postmaster was told to furnish better accommodation. That was the understanding. Does the minister care to say what progress has been made in that regard?

Mr. Rinfret: The first question has to do with the post office at Coleman. The revenue of that office is $15,410 a year. At Nanton it is $9,300. I might tell the hon. member for Macleod that the situation about which he has just spoken is not restricted to those two places; it is general throughout the dominion. The department is greatly concerned about it, because it hampers our operations throughout Canada. There is a big backlog of construction to be undertaken. We have adopted the practice of recommending to the Department of Public Works the construction of buildings in places where the revenue is over $10,000. Among those offices a priority has been established in the public works department. We are pushing the construction of these post offices as much as we possibly can, because every building constructed will help us in our service. Beyond that I do not care to go.

Mr. Hansell: I will say just a further word with respect to the post office at Coleman. The situation is serious. The building is not adequate; it is extremely old, and there are not enough post boxes. While the minister says that the Coleman office has a revenue of around $15,000, the population of Coleman is over 4,000. Application has been made. I will follow it up with a letter to the minister. I wish that he would give every possible consideration to Coleman. With respect to Nanton, I will not ask a question but I will urge the minister to see that the plans that are now ready are speeded up as much as possible.

I have a question on another matter. Will the minister inform the committee what the procedure is with respect to contracts or agreements for the printing of postage stamps? Does that come under the Post Office Department, or under the Department of Finance? I believe there are several engraving companies. What is the procedure? Are tenders asked for? On what basis are contracts let?

Mr. Rinfret: It comes under the Minister of Finance, but we are consulted as to the printing of the stamps. The printing of postage stamps is provided for by contract. The duration of the current agreement with the manufacturer, the Canadian Bank Note Company, is from October 5, 1948 to March 31, 1950.

Mr. Hansell: For the printing of postage stamps they are carried over a period of time?

Mr. Rinfret: That is right—under contract.

Mr. Hansell: How did they get the contract? Did they make a bid? Does the other company also make a bid?

Mr. Rinfret: Public tender.

Mr. Gillis: I did not intend to question the minister about the construction of post offices, but as he himself has referred to the matter, there is a question I should like to ask him. In the public works estimates in the last session of the last parliament the Minister of Public Works had an estimate of $35,000 for a building in the town of Dominion, Nova Scotia, to replace an inadequate building. Replacement of this building has been promised over the last ten years, but nothing has been done. I understand that an official of the department looked over a building that might be purchased. I do not know how true this is, but I have been informed that local patronage skulduggery has prevented the spending of that $35,000 to improve the service there. Does the minister know anything about it?

Mr. Rinfret: The revenue from the Dominion office is $3,854. It is therefore not a project that the Post Office Department will recommend. The building he refers to is probably a public works project. If public works erects a building and offers us some space, of course we will take it, but it is not at the initiative of the Post Office Department that the building is being erected, if there is one being erected.

Mr. Gillis: That is quite right. The public works department did their part. They made the appropriation of $35,000 to build that post office.

Mr. Rinfret: And other things.

Mr. Gillis: If they are to build a post office, the building then belongs to the minister's department. It was to be built exclusively for the purpose of providing his department with adequate facilities in that particular town.

Mr. Rinfret: Was there to be only a post office.

Mr. Gillis: That is right.

Mr. Rinfret: In any event they would keep the title to the property. It does not pass to the Post Office Department.

Mr. Gillis: I do not care who has the title. What I am concerned about is the performance of the service, and why that $35,000 has not been spent for the purpose for which it was intended.

Mr. Rinfret: I am afraid the hon. member will have to ask the Minister of Public Works.

Mr. Gillis: I intend to do so.

Mr. Rinfret: In the estimates this year for the town of Dominion there is a vote of $25,000 for a public building, not a post office.

Mr. Gillis: He has cut it down $10,000. You fellows were slow. You should have got that money spent and had this post office building constructed. I had no intention of raising the question with the minister; but when I heard him answer questions asked by the hon. member for Macleod with regard to the construction of buildings, I thought I might as well find out what he knows about this particular case.

Mr. Brooks: How is it that the town of Dominion, in Cape Breton, with a revenue of only $4,000, can get a post office, and the village of Rothesay, with a revenue of twice that amount, cannot get one?

Mr. Rinfret: As I have just said to the hon. member for Cape Breton South, it is not a post office building; it is a public building put up by public works, for some purpose of which I am not aware.

Mr. McLure: Mr. Chairman, like many other hon. members I regret that the Postmaster General did not make a statement. It would have saved a great deal of time when we are hurrying to get through his estimates. Had he made a statement he could have given us post office policy, but now we have to dig in and ask a hundred and one questions. However, in his wisdom he did not see fit to make a statement; therefore we shall have to extract from him, by the best means possible, the information we require.

One thing I did not know is that post office revenue had shrunk and that the net profit had dropped from $13 million to about $2 million. I cannot say that that is owing to a reduction in postage rates. A few years ago postal rates were raised 33⅓ per cent. The letter rate was raised from three to four cents, and that increase is still with us. I would not urge that the rate be reduced 33⅓ per cent and put back to where it was before if the money were used to give rural mail couriers a decent living wage.

There are a number of things that I wish to draw to the attention of the Postmaster General. The first is what I understand to be the new policy of the department in calling for tenders in the rural mail districts. I do not know whether I am properly informed, but I understand that before a man can tender on a rural mail route he must have certain equipment—and some of it is expensive—to carry on the work. Is this so? Has the policy changed in that regard?

Mr. Rinfret: Has the hon. member any more questions?

Mr. McLure: Yes, twenty-five more.

Mr. Rinfret: The answer to the first question is that the revenue of the post office has not shrunk as the hon. member for Queens has just asserted. What is true is that we have been giving better service, and that therefore our costs have increased in comparison with the revenue. Our costs having increased, of course our profit is less. We have absorbed the increased costs instead of asking for an increase in postal rates.

So far as rural mail is concerned, there is no new basis. It is true that in certain contracts a certain kind of equipment is required, but that is not new policy. It has always been that way, because we want to be sure that whoever gets the contract is equipped to carry it out.

Mr. McLure: Either the minister is right or I am right, or we are both wrong. I hold in my hand a copy of a mail contract which reads: "Sealed tenders will be addressed . . ." and so on . . . "to the Postmaster General." It goes on and gives a list of the mileage, where to call, and so on. Then there is this vital part: "Any tenders submitted must be with the clear understanding that this service is to be performed by a truck in summer and a snowmobile in the wintertime." That is certainly new policy.

Mr. Rinfret: What is the service to which the hon. member is referring?

Mr. McLure: Rural mail route No. 3, in Queens county, a distance of twenty-one miles. Just imagine asking a man, before he can expect to get a contract, to provide himself with a truck and a snowmobile! It is not possible to buy these vehicles at less than $4,500 or $4,000. The department is asking a man to provide himself with equipment at a cost of $4,000 to tender for a job on which he can get only $1,000 a year for four years, and then he would have to tender over again. It seems to me to be a ridiculous policy. If that is to be the policy, the department will have to provide the mail couriers with this equipment and charge them a rental. How

can you expect a mail courier to pay $4,500 for equipment to run a service out of which he gets only $1,000 a year for four years? There is no guarantee of anything. That is driving the rural mail couriers to a pretty hard decision if they are to tender.

There is another thing with reference to tendering that I think is a new policy, and it is this. Suppose a man has had a contract—and I can give the names of a couple of men who have had contracts for from ten years to thirty years and have given the best of service. No civil servants in any part of Canada could give better service than the service that these men have given, and I can mention their names. They have worked all through the years at a salary or indemnity which was not giving them a livelihood. Now they are getting a little older, and what happens? When they ask for a little more for the mail route—and I do not believe anybody else would tender against them—the department says that it is too high in comparison with other mail routes. That is not much of an argument when some of the other mail routes are not paying a living wage. The question then arises, what is the man to do? Instead of the department making some compromise with him, as I think it should do, and give him a chance, it scouts around and finds some veteran who is getting a small pension of $300 or $400 a year, and says to him: You can tender at $300 or $400 less than the regular contract man. I have no objection to veterans getting the contracts, but I do object to a veteran having to use his small pension to tender in opposition to the other man. The Postmaster General should clear up that matter.

I should now like to refer to our own post office in Charlottetown. Prince Edward Island was the ninth province. Now there are ten. It is an island province, and it is entitled to whatever consideration is given to the other provinces of Canada in the way of transportation, postal accommodation or anything else. We are not rated as a province at all.

Under the new set-up the department has put in a regional controller, and that is all right. This regional controller is situated at Moncton. But under the regional controller there is a district director of postal services. One of these is located at Saint John and the other at Halifax. We should have a district director in Charlottetown, where we have a good post office staff. But no; we are attached to New Brunswick. I do not know what Newfoundland is going to be attached to, whether it will be with Nova Scotia or will have its own district director of postal services.

[Mr. McLure.]

I should like to know why our province is not treated properly in this regard. Prince Edward Island should have a district director of postal services. Of late years under this government we have become accustomed to that type of treatment. A year ago it took away from our city the branch of the Bank of Canada. However, we have forced them to the point where they are going to put it back. The government has also placed the headquarters of the Bank of Canada, as it affects Prince Edward Island, in New Brunswick. It has also taken away from us the head of the fruits and vegetables branch, and placed that centre in Saint John, New Brunswick.

I say we should not stand for it any longer. We should be told whether we are to have a district director of postal services in Prince Edward Island, to which we are entitled. Any important postal business in our province must pass through the Charlottetown post office, then to the district director, and then on to the regional controller at Moncton. From there it goes to Ottawa before any decision can be made in any matter of vital importance in connection with our postal service. I hope the Postmaster General will look carefully into this matter with a view to giving us better treatment.

The attention of the Postmaster General has been called to the fact that in the post office at Charlottetown there is a position known as the vendor of postage stamps. It is one worthy of some consideration, especially at the present time. The man who has been in charge of the office for the last forty-nine years, Mr. Aubrey F. Brown, has been one of the best public servants to be found anywhere. He accepted his position under contract on November 13 forty-nine years ago. He is now in his fiftieth year of service. His contract was for the sale of postage stamps, cards and the like, and was made under an agreement with the government of that day.

This man has continued his work without one complaint. His hours are long; I do not know why the authorities have made him work such long hours. Under his contract he must go to work at eight o'clock in the morning and must keep his office open until eight o'clock in the evening, with no time for lunch or dinner. If he leaves for any length of time, or is ill, he must employ and pay for assistance. This is certainly contrary to all the labour laws of this or any other country. He has three days' holidays throughout the year. It would seem that the postal department are endeavouring to get rid of him and to handle postage stamps through the main office, at

which point they will have to hire two clerks to do the same work. This will give employment to two people and throw one out of employment.

The procedure of getting rid of this man seems peculiar. His contract calls for two per cent on all sales of postage stamps, cards and the like in that postal area. A few years ago when he applied for a higher rate he was told that he could not have it, because the contract called for only two per cent on all sales. At this time, however, the postal department are putting in meter machines. It may be said that for the businessman these machines are more efficient, but when this man suggested that he should receive his two per cent on the amount handled by the machine, which has reduced his income by over fifty per cent, he was told he could not have it. The postal department take all the revenue and do not allow him the two per cent to which his contract, signed by the postal department, entitles him.

Mr. Lennard: That is not a contract.

Mr. McLure: It was a contract when it was drawn, but it has never been renewed. The contract is broken when they want to relieve him of his job. The desire seems to be to put in two clerks to do the work he has been doing for so long without complaint. After all those years of service, in view of the small wages he was able to make—and it was all on a commission basis of two per cent, with some lean years—he is just able to make a living. He has always had to employ an assistant for an hour at noon and an hour and a half in the evening, and this has taken a considerable portion of his revenue. I hope that some arrangement can be made by which he can be retired on a small pension. It may be said that he is not a civil servant. But there is still no reason why the government should not make some allowance for his service of fifty years. I would ask the Postmaster General and his assistants to take this into consideration so that some satisfactory settlement may be made.

There are other matters I shall discuss later, but with one of them I will deal now. It was suggested to the postmaster general who held office three years ago that a committee be set up to study rural mail problems. The Postmaster General's reply to that, as reported on page 360 of *Hansard* of February 2, 1947, was as follows:

> I have no objection to having a committee consider this matter in an effort to improve the service.

In the following year, in reply to a question asked by myself, the minister stated, as reported on page 1039 of *Hansard* of February 10, 1948:

> It is not the intention of the government to establish a committee, but as I said before, a bill will be brought in to give authority to make further supplementary payments.

The Postmaster General might indicate whether at the next session he will set up a committee to study the problem of the rural mail courier. It is a problem that needs consideration.

The hon. member for St. John's East referred to the reduction of $5 a month in stenographers' salaries. According to the Postmaster General that reduction took place right across Canada. I should like to know if the government authorized it.

Mr. Rinfret: Replying to the question relating to rural route No. 3, Queens county, and the matter of necessary equipment, the department does not establish what equipment is required; that is left to the inspector to determine. The department insists that service shall be given under all circumstances, that the mail must be delivered every day. At times the contract requires that snowmobiles be part of the equipment available so that the mail may be delivered without delay.

Mr. McLure: Has the department one contract containing a condition of that kind?

Mr. Rinfret: There are quite a number of contracts in which the notices for tenders required that snowmobiles be provided. It might be that when a man makes his tender he has not a snowmobile, and I can quite understand that he would not purchase one before actually getting a contract. But no one has been prevented from getting a contract provided he can satisfy the department that he can acquire a snowmobile as part of the necessary equipment.

As to the men who have had contracts for ten and thirty years, I am sorry I have not the names. If the hon. member will supply me with the names, I shall have the matter investigated. I might say that as far as contracts are concerned, veterans have no priority. Also the amount of tender is not disclosed.

A complaint is made by the hon. member that there is no director located at Charlottetown. Directors are not appointed for each provincial district. We try to see that the directors are kept busy, and as the director in that part of the country would not have sufficient work from just one province, he is given jurisdiction over more than the one

province. It is said that the post office inspector at Charlottetown must go to the director, then to another man and then to Ottawa, but that is not so. The post office inspector at Charlottetown has authority to deal directly with the department if he wishes to do so.

Mr. McLure: What is the need of having a director?

Mr. Rinfret: We have to be kept informed in a general way of what is being done.

With regard to the stamp vendor, Mr. Brown has been a vendor of stamps for the last forty-nine years under a contract. He is not an employee of the government, and therefore we do not regulate the hours he keeps. His contract calls for certain things, and he is the one who is the employer.

Mr. McLure: Who signed the contract?

Mr. Rinfret: It was signed forty-nine years ago. I have not seen it.

Mr. McLure: Whom was it between?

Mr. Rinfret: I have not seen the contract. I do not know.

Mr. Lennard: It is the general contract.

Mr. McLure: Is it a contract between the Post Office Department and the vendor?

Mr. Rinfret: I am informed that actually there is no contract, that he is just allowed to continue as is.

Mr. McLure: I beg leave to say that there is a contract. There was a contract when he got the position, and the Post Office Department must have it somewhere in its archives.

Mr. Rinfret: I am informed that there was a contract, but it has not been renewed, that he is allowed to continue as is. Complaint is made about the remuneration he receives, but there would have to be a change in the legislation to correct that situation. Section 7, paragraph (o) of the Post Office Act reads:

> . . . (o) grant licences to agents other than postmasters, for the sale to the public of postage stamps and stamped envelopes, and allow to such agents a commission not exceeding two per centum of the amount of their sales.

The vending machine to which the hon. member refers was put in to take care of the Christmas rush, and will be taken out in January. As this man is under contract, I do not think the question of pension can be considered for a minute. He is not an employee of the government, and I do not think a pension scheme could be evolved in that connection.

With regard to the reduction in stenographic pay, I have just drawn the attention of the hon. member to order in council 19/4847, passed on September 21, 1949, to be effective October 1. I think about 200 of a total staff in the Post Office Department of about 42,000 were affected.

Mr. McLure: I was under the impression from a letter I received that the civil service commission had ordered this reduction.

Mr. Rinfret: The civil service commission recommended it.

Mr. McLure: It is now established that the government made the reduction. The minister says that according to law they can pay this stamp vendor only two per cent, but I would ask him to note that he is taking away from him fifty per cent of his revenue by the use of the meter machine. Not only is that so in the post office; the larger firms are being induced to put them in. This stamp vendor is entitled to two per cent on the sales indicated by the meter machine.

Mr. Rinfret: The authority given to the Postmaster General is to issue a licence. It is not an exclusive licence; it is a licence for the sale of postage stamps to the public.

Mr. McLure: He had that licence under his contract.

Mr. Fleming: There is one question I should like to ask the minister about rural mail boxes. As I understand it, at the present time they are purchased by the department from one source and are sold to or put at the disposal of persons on rural mail routes. I am also informed that the department does not permit persons on rural mail routes to have other mail boxes, or to purchase boxes from other sources, even though other boxes may comply in all respects with the specifications followed in the case of boxes furnished by the department. I should like to ask the minister whether this monopolistic arrangement prevails, and, if so, why persons on rural mail routes should not be at liberty to purchase boxes for their own use from any source they choose, provided that they comply with the specifications that apply to boxes furnished through the department.

I am told that this rigidity on the part of the department prevents people from having anything more ornamental in the way of a mail box, and that highway authorities in Ontario, in the case of some of the new improved highways, have felt that the boxes in use, furnished by the department, are not very ornamental. May I ask the minister for a statement on this matter?

Mr. Rinfret: The hon. member for Eglinton has given only one side of the case; we must also look at the other side. People could put up all sorts of makeshift boxes.

Mr. Fleming: I expressly said that whatever is done must, of course, comply with the

specifications of the department in relation to the box. All I am saying is that when anyone is prepared to comply with the specifications of the department in the case of his own box, there should not be any requirement that the boxes must all come from one particular source.

Mr. Rinfret: I am informed that the complaints about the boxes really resolved themselves into suggestions regarding the supports. Certain gentlemen visited the office yesterday, and an arrangement is being worked out so that it will be taken care of.

Mr. Fleming: Am I to conclude then, that so far as the department is concerned there is nothing to prevent someone else from supplying mail boxes to persons on rural routes, provided that they comply with the specifications laid down by the department as to the type of mail box that is now in use?

Mr. Rinfret: We cannot possibly do that. There must be uniformity in the boxes throughout, and if we allow an exception in one direction we will have to authorize it in the other direction. We want our boxes to be uniform, and not makeshift. One way or the other it is the same thing.

Mr. Fleming: Does that mean the boxes must all be purchased from the same source?

Mr. Rinfret: The answer is yes.

Mr. Fleming: That is a monopolistic arrangement.

Mr. Rinfret: The post office is probably the biggest monopoly in Canada.

Mr. Lennard: If that is so, in my own district I have seen about half a dozen different sizes and types of boxes that have been provided by the department.

Mr. Rinfret: In different years.

Mr. Lennard: There is nothing uniform about them at all.

Mr. Rinfret: We are not going to ask people to change their boxes every time there is a change in the type. At the present time we have a new type of box which I believe will hold twice as much as the old one. We are not going to force all the users of boxes to change the ones they have already purchased.

Mr. MacInnis: Following the question about a monopoly in the making of the boxes by one particular firm, will the Postmaster General tell the committee whether the price that the resident pays for the box is also stipulated?

Mr. Rinfret: The answer is yes. There is no monopoly, because it is under contract, and before the contract is let, tenders are called for. The contract awarded is to the lowest tenderer.

Mr. Major: What is the normal price charged for these boxes?

Mr. Rinfret: Four dollars.

Mr. Major: Would that price compete with anything people could make themselves?

Mr. Rinfret: If a person made one box I imagine it would cost much more than the department would pay per box for the manufacture of thousands.

Mr. Knight: This is the time of year when a good many people are sending food parcels overseas, chiefly to Great Britain. I am well aware there is a special rate on such parcels. In the first place, I should like to ask what the difference is between the rates applying to recognized Christmas food parcels and that applying to ordinary parcels?

Mr. Rinfret: The rates are as follows: Up to and including five pounds, 50 cents; up to and including ten pounds, $1; up to and including fifteen pounds, $1.50; up to and including twenty pounds, $2.

Mr. Knight: My question concerned a comparison.

Mr. Rinfret: It is fifty cents less than the regular rate.

Mr. Knight: Perhaps that will help to console the man in the street, but sometimes he does not realize he is getting a special rate on these parcels. The point to which I want to draw the Postmaster General's attention is that the rates for such food parcels are set in five-pound divisions. For instance, I mailed a package the other day which I estimated to weigh about five pounds. Unfortunately it was five pounds five ounces, and therefore I had to pay the ten-pound rate for what was virtually a five-pound parcel. As I say, the man in the street does not appreciate that, and perhaps does not appreciate he is getting a cheaper rate on that particular type of parcel.

Is the five-pound idea merely a convenient figure to divide or multiply by? Was it chosen for that reason, or is there another reason why five-pound divisions were selected? I would not mind so much paying a rate for six pounds on a five pounds-five ounces parcel, but it seems to me it is too much to pay double for a small parcel. Could the divisions not be in single pounds rather than five pounds? If one has a parcel that is an ounce or two over fifteen pounds, he pays the twenty-pound rate. Possibly the cheaper rate justifies that, and possibly not; but the people who are sending these parcels

would much rather put the money expended on postage for the extra five pounds into additional food than give it to the department for not doing any work.

Mr. Rinfret: These rates have been fixed in agreement with the British authorities. As to fixing another limit for the packages, let us take six pounds; the same thing will still happen if somebody has a package weighing six pounds one ounce. We will be in the same position. We have to fix a certain poundage and not go beyond it, because there would be no use in setting a limit of five pounds if we were to accept five and a half pounds or even five pounds one ounce. We have to fix a limit, and that limit has been set at five pounds, ten pounds, fifteen pounds and twenty pounds.

Mr. Knight: I was wondering why it had been fixed at five. Why not four, or six, or three?

Mr. Rinfret: That is the arrangement we have with Britain.

Mr. Knight: My own suggestion is that one pound would cover it.

Mr. Shaw: An examination of the Post Office Department balance sheet indicates that in the past year it repeated its performance of previous years—that is, it piled up a considerable profit. In considering these profits we cannot be unmindful of the fact that the public works department bears a substantial burden so far as capital costs are concerned. The minister has not occupied his present office for very long, but I am sure that, like those who have preceded him as Postmaster General, he will be anxious to do everything possible to endear himself to the Canadian people. If he wishes to accomplish that purpose I suggest that a most effective way of doing so would be to recommend to the Minister of Finance, before the next session of parliament, that the four-cent postage rate be reduced by one cent. After all, that rate was increased during the war, and the minister might advise the Minister of Finance that the war has been over for some years. I am quite sure that if before the next session of parliament comes around the regular postage rate is reduced from four cents to three cents, it will meet with the general approval of the people.

Mr. Lennard: I want to ask the Postmaster General one or two questions in connection with alterations to public buildings in which post offices are located, referring particularly to a public building in my own constituency. Has the Post Office Department any planning experts who advise the Department of Public Works when these alterations are being made?

[Mr. Knight.]

Mr. Rinfret: The department has an engineer, but unfortunately he also is very hard pressed at the present time.

Mr. Lennard: I ask that question because in the town of Dundas the government is spending between $30,000 and $40,000 on alterations to the public building in order to meet the needs of the Post Office Department. That is a two or three storey building, the second floor of which has been occupied for the past several years by the Veterans Land Act administration for that district. Now the post office needs more space, and that is why the alterations are being made. In the meantime I find that the Veterans Land Act administration is moving to Hamilton, and that the building in Dundas will revert to the condition it has been in for the last twenty-five years—that is, only half used.

There are several matters in connection with these alterations that I could mention, but the point is that the only steps necessary to make that additional space available to the post office would have been the installation of an elevator. Then the second floor of that building would have given all the space needed, and the people of Canada would have been saved more than $30,000. This is one project I feel was not fully considered, and in connection with which the planning was not properly done. Even after these alterations are carried out, the premises will be very unhandy from the point of view of the staff, and it seems to me if the postmaster had been consulted he could have offered suggestions which would have made these alterations much more satisfactory from the standpoint of both the staff and the public.

Mr. Rinfret: I shall bring that matter to the attention of our engineer and of my colleague the Minister of Public Works.

Mr. Catherwood: What population must a town have before postal delivery service can be inaugurated?

Mr. Rinfret: It is not a question of the population of a city; it is a question of how many people are to be served. Two thousand points of call are usually required, provided that conditions for delivery are satisfactory and other requirements are met.

Mr. Catherwood: Then it is not on a population basis?

Mr. Rinfret: No, it is not; it is the points of call.

Mr. Harris (Danforth): We are now considering item No. 307, dealing with departmental costs and so on. I want to put on record in a few words a request on behalf of a community in the eastern part of Toronto which is not serviced by a post office as such,

but where the department is renting sub-offices. In that fast growing section, which now has a population of about 200,000, we require adequate postal facilities. I do not expect the minister to give me a reply now, but I am asking the department to give that community the same consideration that was given west Toronto, where a public building was established on Keele street. I am not asking for this just because west Toronto was given that consideration, but because these facilities are needed in east Toronto.

I am asking the departmental officials if they will make a study of the situation in that community, which in the last quarter of a century has increased in population from 10,000 or 15,000 to well over 200,000, and to get together with the Minister of Public Works to see if those people cannot be given a dominion public building to provide accommodation for the Post Office Department and other departments of government such as customs, excise, immigration and so on. At the present time if an individual or business firm wants to clear post office parcels or to bring anything through customs, it is necessary to go almost ten miles down into the busy heart of the city of Toronto, clogging traffic and taking all day to do a chore which might be done in an hour if the facilities were available in that community. In the last two years we have had more than a hundred new factories in the area of which I speak, and about which the officials will know; and it is developing rapidly for the reason that industries have no other place to go; they must come to the eastern section of the city.

Without a long petition, which I could easily obtain, without bombarding the Post Office Department and the Department of Public Works with letters, I am making this request. All that is necessary, I think, is that a little common sense, good judgment and co-operation be shown by the officials of these two departments to see that this community, which is a city in itself, gets the facilities necessary if it is to conduct its business in a proper way.

Mr. Rinfret: As usual we shall use our best judgment.

Item agreed to.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

308. Post offices, including salaries and other expenses of headquarters and staff post offices and supplies and equipment for revenue post offices, $37,804,896.

Mr. MacInnis: There is a matter that I was going to bring up on the first item, but the minister told me that this was the proper one. I understand that the department has adopted a new system with regard to letter carriers in the matter of their transportation when engaged in the delivery of mail. My understanding is that formerly letter carriers travelled free on streetcars, or at least that they did not have to pay fare while in uniform. They are now required to pay fare when they travel on streetcars in the course of the performance of their duties.

I should like to point out that the letter carrier is not in the position of an ordinary passenger. In the first place, he has his load of mail. He may have to use the streetcar several times a day in the course of his work. I was a streetcar conductor for many years, and I know that under those circumstances letter carriers had their transportation taken care of. I should like to have the assurance of the Postmaster General that this matter, whether it has been decided or not, will be reconsidered. At this time of the year when a person is expecting a Christmas box but receives one in reverse, it is not cricket, as the English would say. It may seem a small thing to us, but I assure the minister that it is not a small thing to the letter carrier. I should like to have the assurance of the Postmaster General that he will reconsider the matter.

Mr. Rinfret: For some time the letter carriers have been getting free transportation while in uniform. The contracts were to the effect that the letter carriers would be allowed transportation from the post office to the beginning of their routes and from the end of their routes back to the post office. It never was the intention to include in those contracts travel between their places of residence and the post office. There is no special reason why they should be given a privilege which is not enjoyed by other employees who have to pay their fare from their homes to work and from work to their homes.

At the present time we are considering the various contracts relating to city transportation. In Ottawa we inaugurated a system of tickets. We are looking at the rates in the various other cities, because we are now faced with a demand by the transportation companies for increases in the current amounts of the contracts. In Montreal, for instance, the demand is for an increase of 33⅓ per cent. We are considering those contracts at the present time. We have not yet made any final decision.

Mr. MacInnis: I wonder whether I understood the Postmaster General aright. Instead of travelling free when in uniform, the letter

carriers now get tickets that will take them from their homes to the post office and from the post office to their homes?

Mr. Rinfret: No. They have no ticket when travelling from their homes to the post office, but they are entitled to a ticket from the post office to the beginning of their routes or from the end of their routes back to the post office, or back to their homes if the distance between the end of their routes and their homes is greater by at least five hundred yards than the distance from their home to the post office.

Mr. Stewart (Winnipeg North): Can the minister give us a progress report as to what is happening to the suggested new post office in Winnipeg?

Mr. Rinfret: I am told that the plans are in process of being completed by our department, and should be turned over to the public works department in a matter of days.

Mr. Stewart (Winnipeg North): Have there been any complaints from the owners of properties that were expropriated? Have all the dealings been on an amicable basis, or have there been complaints?

Mr. Rinfret: To our knowledge there have been no complaints.

Mr. McIvor: It is a well-known fact that if a man serves in the House of Commons for fifteen, twenty, twenty-five or thirty years and then does not wish to go to the Senate, or does not have an opportunity to do so, when he is no longer a member of the house he is out of all the things that went to make him an efficient member. A corporation will give a pension. Civil servants get a pension. But a member of parliament will get nothing but bumps. I suggest to the Postmaster General that if a man serves twenty-five or more years in the house he should at least have his franking privilege, whether he is a former private member or former prime minister. I would ask the Postmaster General to consider this request. I think the member of parliament has earned it. I do not doubt that some of these men today get letters with no stamps on them, and are obliged to pay double postage.

Mr. Noseworthy: While we are on this item, can the minister tell me just what constitutes need for a post office in a district?

Mr. Rinfret: What does the hon. member mean by "need"?

Mr. Noseworthy: How badly does a district or a municipality have to be in need of a post office before it gets one? I am thinking now of a postal station, not just a sub-office.

[Mr. MacInnis.]

Mr. Rinfret: Does the hon. member mean a post office building?

Mr. Noseworthy: Yes.

Mr. Rinfret: The Post Office Department of course considers the needs of the various municipalities concerned. It is concerned also with the size of the municipality, and the revenue. Where the post office has a revenue of less than $3,000, it is up to the postmaster himself to supply the necessary premises. With regard to post offices with revenue of $3,000 up to $10,000, it is the public works department which usually arranges for locations, by way of lease, after conferring with our officials as to suitability of location. With regard to offices with more than $10,000 revenue, it is the principle of the department that post office buildings should be built, and recommendations to that effect are made to the public works department. As I explained this morning, there is a big backlog in this respect, owing to scarcity of materials, etc. We have had to establish some sort of priority with regard to these. We are pushing the public works department to erect these buildings, because we realize that in order to give good service we must have good buildings.

Mr. Noseworthy: Is it the officials of the Post Office Department who determine whether there is a genuine need for a post office building?

Mr. Rinfret: The inspector usually makes the report.

Mr. Stewart (Yorkton): I have been asked by some of the members from Quebec and Ontario to raise a question with regard to franking. It has no particular application to the members who live a considerable distance from Ottawa, but rather to members from Ontario and Quebec who are frequently in the city on government business and have communications to send from the parliament buildings. I understand that the franking privilege ends ten days after the session ends. Some of these members request that the franking privilege be extended so that when they are in Ottawa on business they may frank their letters from the buildings here. I appreciate the fact that there might be an abuse of the privilege, but I am asking that the minister give the matter his consideration.

Mr. Rinfret: The suggestion certainly has merit, but we would have to amend the act. Section 43 of the act respecting postal service, in dealing with the frank, says:

> . . . letters and other mailable matter addressed to or by any member of either house at the seat of government, during any session of parliament, or to any of the members at the seat of government as aforesaid, during the ten days next before the meeting of parliament, shall be free of Canada postage.

Therefore the law itself would have to be amended.

Mr. Hatfield: I should like to refer to a request for a post office in my constituency. The former postmaster general promised to give it priority. A contract was called for this post office in 1939. The contract was let, but on account of the war construction was stopped. A piece of land was secured in 1939. When the contract was stopped the people in that district were promised that as soon as the war ended a post office would be erected. At that time the revenue was some $3,593. Today the revenue is beyond $9,000. The place is Plaster Rock, New Brunswick, a large lumbering and agricultural centre. In 1939 they had a large building. Today they have moved out of that building into a small building. The postmaster has only a small building in which to work. It is not becoming to the town. Since the revenues of this office have increased I hope that it will receive attention soon.

Mr. Rinfret: I shall be pleased to look into the matter.

Mr. Black (Cumberland): I have not very much to say except commendation of the Post Office Department. So far as the public are concerned in my constituency they have been getting, on the whole, good service. The matter of how many boxes to the mile entitle a community to a rural mail service was brought up this morning. In my constituency there is one locality that had a rural route in previous years. The operation for over a mile in that district was discontinued. Justification for its discontinuance, as explained to me, was that instead of having four boxholders it had only three to the mile. I think it is desirable that the three boxholders should be served. Those who have been boxholders in the past should not be denied the privilege of a rural mail delivery.

Today we are at some disadvantage in discussing these estimates because we have not the last report from the department. I was able to get only the annual report for the year ended March 31, 1948, which is a year and nine months ago. Why should we not have the report for the year ending March 31, 1949?

The minister has stated the conditions under which post office buildings are erected. There is one locality in my constituency, namely, Pugwash, a seaboard town, the annual revenue of which must be practically up to the $10,000 minimum requirement. In any event, that community should be provided with a post office building. The building they have is not adequate to serve the requirements. I am sure there are many communities that have post office buildings where the revenue is much less than in the town of Pugwash.

Our service has been kept fairly free of political influence. I have had few complaints. That is a good thing for the service and a good thing for the department, and the public appreciate it. Where we do get complaints of political interference with the service and with appointments it has a bad effect all round. I believe it should be the policy of the department to keep it free from such influence. I have brought one instance to the attention of the minister. I shall not refer to it here. If the circumstances are as represented to me the department should take steps to correct this interference.

One of the complaints I have had in my constituency in recent years is the unfairness of the department in granting bonuses. Some mail couriers who made application for bonuses and pressed their claims were granted these bonuses or subsidies. Other couriers who felt that it was their duty to carry out their contracts, in accordance with the terms under which they tendered, did not know that increases were being paid and did not press for additional allowances. They continued to carry out their contracts at very small remuneration, while others received these bonuses. I consider that very unfair. Every person carrying on a service under the same conditions should have an equal chance to get these additional amounts which were granted during the war. I do not believe these bonuses are being renewed at the present time. That is one of the serious complaints I have had in my constituency. The department has shown great unfairness and discrimination to persons who got these increases.

Mr. Rinfret: The authority for the bonus was abolished on March 31, 1949. I thank the hon. member for his suggestion as to the reduction in the number of people holding boxes per mile. We are always eager to improve the service and we shall certainly study his suggestion. I accept with pleasure and thanks the hon. member's praise.

Mr. Browne (St. John's West): Mr. Chairman, I should like to draw the attention of the Postmaster General to a petition, which I received in August before I left St. John's, from two small settlements near a post office in Trepassey. The two places are Daniel's Point and Small Point. When I received those petitions I got in touch with the district inspector, and he told me I would hear about

it when I got to Ottawa. Well, I have been here three months and I have not heard anything about it. I wrote to the Postmaster General a day or so ago. I wonder whether he is in a position to tell me if it has been decided or not.

In support of the request I may say that between 1931 and 1933 we had a depression in Newfoundland also, and we cut out a lot of post offices, cut down the service greatly. Now times are better and business is better, and there is a lot more mail coming. These two settlements are from four to six miles in from the main post office, and the practice is to send children across in dories to the post office. If they have to walk, they must go a distance of five or six miles each way to bring the mail back.

Mr. Rinfret: I have not seen the letter to which the hon. member refers. I shall certainly give it my best attention.

Mr. Browne (St. John's West): I put in a petition.

Mr. Rinfret: The hon. member referred to a letter sent to me, which I have not yet seen.

Mr. Browne (St. John's West): Just a couple of days ago.

Mr. Rinfret: I have not seen it yet.

Mr. Black (Cumberland): Why have we not the report of this department for the past year? It is about twenty-one months since the last report.

Mr. Rinfret: I am informed this is due to delay in printing, which is brought about by the heavy business of the session.

Mr. Black (Cumberland): The committee should have in its hands a report as important as this one before we have to deal with the estimates of the Post Office Department or any other department. It is most unfair to the members.

Mr. Rinfret: And to the minister, too. He has not got it either.

Mr. Noseworthy: Have any of the minister's officials looked into the need for a post office in Forest Hill and York township? A request was sent to the postal authorities about three years ago, at which time we were informed of the shortage of materials. That request has been renewed by some of the councils. There is a community of around 100,000 people. The post office nearest to some of these people is at least seven or eight miles away. I am informed that there is difficulty in mailing parcels or securing money orders for people outside Canada. In most instances the residents have to go to the postal station for that service.

[Mr. Browne (St. John's West).]

I have received a good deal of criticism concerning some of the substations tucked away in little corners of drugstores and grocery stores. I have been in some where a person who goes for mail is the last person to receive attention. Those who are making purchases are served first. I wonder if any of the departmental officials have looked into that situation in York township and Forest Hill?

Mr. Rinfret: A delegation was received recently and we are now studying their recommendations.

Mr. Charlton: The minister has said there are 25,000 temporary employees taken on for the Christmas rush. The estimates disclose an expenditure of almost $10,250,000 for temporary assistance. How many of those temporary employees are on a full yearly basis?

Mr. Rinfret: In this department on March 31, 1949, the number was 4,535 temporary employees on a yearly basis.

Mr. Charlton: Why are so many of these temporary employees kept on so long on a temporary basis?

Mr. Rinfret: I am informed the chief reasons are, first, the question of the quota per post office and, secondly, that certain people are not yet qualified through examination of the civil service. There are also other people acting as replacements for those on vacation, and matters of that kind. The two first named reasons are the chief ones.

Mr. Knowles: May I impress upon the Postmaster General the claim for a postal station in the Weston and Brooklands area of Winnipeg. I have had correspondence with him concerning this proposal, and would refer particularly to his letter to me of October 19. The information contained in that letter, bearing in mind what he said a few moments ago, strengthens my plea for consideration of this proposal.

As I understood the minister, an area in which a sub-office has a revenue of $3,000 to $10,000 a year merits a certain status, whereas once the revenue is greater than $10,000 a year consideration is given to the building of a post office building. The minister's letter to me of October 19 indicated that the revenue of the Dickens sub-office is approximately $9,000 per year, and that of sub-office No. 18 approximately $9,500 per year. Both those sub-offices are on Logan avenue, one at the corner of Keewatin street and the other at the corner of Quelch street, a very few blocks apart. They are in the same area about which I am speaking.

Their total revenue is $18,500 per year, according to the minister's letter to me of

October 19. That seems to be considerably in excess of the $10,000 figure the minister mentioned a little while ago. His letter also confirmed what I had said to him, that there is a population of over 9,000 people in this area of Weston and Brooklands. It is true that there is a letter carrier service, but in a sense the area is separated from the other parts of Winnipeg.

I have received complaints similar to those mentioned a moment ago by the hon. member for York South. It has been pointed out that while there are these two substations in the area, one of which is in a drugstore—I am not sure of the location of the other one—there is a tendency for the customers of the store to receive attention before those persons who come in to buy postage stamps or to mail parcels. It has been suggested to me that it is time this community had a post office building. I would ask for any comments the Postmaster General would care to make, and I would hope that this matter might be kept under consideration by him until something is done about it.

Mr. Rinfret: What I said before applied to rural areas. There has to be a distinction between rural and urban areas, because if we were to build small post offices in cities where substations have revenues of more than $10,000 we would find that we would have post offices almost every mile. My earlier remarks were applicable to rural districts.

Item agreed to.

310. Railway mail service, $15,614,667.

Mr. Browne (St. John's West): Has any figure been set as a payment to the Canadian National Railways for carrying the mail from Port aux Basques to North Sydney?

Mr. Rinfret: No, the matter is under consideration.

Item agreed to.

311. Air and land mail services, $22,743,141.

Mr. Charlton: I have here a resolution, a copy of which was sent to the minister under date of November 22. I have not heard from the minister and I just wanted to make sure that he has the resolution and that the matter will be considered. The hon. member for Huron North (Mr. Cardiff) brought up this matter this morning. This resolution was passed by the Oxford county council which sent it on to the Brant county council, who in turn forwarded it to me:

Whereas, many farmers and individuals in the rural areas are not properly served by the rural mail couriers,

We, the council of the county of Oxford, hereby petition the Postmaster General to extend routes of the rural mail courier, so that mail may be delivered on every township road, county road and highway on which a person is residing.

Mr. Rinfret: I have received the resolution and the matter is under consideration.

Mr. Charlton: Has a decision been arrived at?

Mr. Rinfret: I am still considering it.

Mr. Noseworthy: It has come to my attention that the postal rates on parcels from Canada to Europe are just about twice what they are on parcels from the United States and I should like to know if there is an explanation for this?

Mr. Rinfret: I am informed that the transportation charges in the United States are paid by the recovery plan and we have no such plan here.

Mr. McLure: What are the regulations governing the keeping of mail overnight by a rural mail courier?

Mr. Rinfret: They are not supposed to do that.

Mr. McLure: There are points in Prince Edward Island where the mail is dropped off the train at seven, half past eight or even half past ten o'clock at night. The rural mail courier is not obliged to deliver that mail at that hour and I should like to know what understanding there is with regard to the mail courier keeping that mail overnight?

Mr. Rinfret: In principle we are against the practice, but no one is supposed to do the impossible. The mail is under lock and is well protected and I think that provides all the guarantee we can ask.

Mr. McLure: I take it from the Postmaster General's answer that under certain conditions it is quite in order for a mail courier to keep the mail overnight. The rural mail carriers working out of Charlottetown must sort the mail for their own routes. When they come into the post office in the morning they have to look up a stable for their horses and it takes at least an hour and a half to sort the mail for their particular routes. There are only five mail routes out of that post office and if one or two clerks were put on the sorting of the mail for a couple of hours in the morning it would save the courier that much time and he could make his deliveries that much earlier. It is a pitiful sight to see seven or eight horses standing in the cold wintry weather instead of being out on the mail route.

Mr. Rinfret: I am afraid the same situation exists throughout Canada. If we were to provide this supplementary service we would

have to have 12,000 more men to do the work. That has always been and still is considered part of the work of the contractor.

Mr. Gibson (Comox-Alberni): Mr. Chairman, I am sure we are all glad to see the new Postmaster General putting through his estimates and I feel certain he is going to do a good job. I have wondered what is the fundamental philosophy of the Post Office Department? Is it a profit-making organization or is it a service organization for the people of Canada? I think it is important that that fundamental philosophy should be established. We have all been proud of the fact that this department operates at a profit, although I am sure the Postmaster General knows that that is not really true.

In connection with this air mail service I find the Post Office Department very loath at times to provide this type of service. They admit that there are places that should have air mail service but they consider it too expensive. Could there not be some co-ordination between the Department of Transport and the Post Office Department, each of which has a certain responsibility in connection with the transporting of passengers and mail.

The town of Courtenay in my riding is on a scheduled air line. Air mail service to this place has been requested but the answer has been that the department cannot afford it. It is difficult to sell the Canadian people the idea of using slow trains when a regular scheduled air service is available. If a letter is mailed at Courtenay at eleven o'clock in the morning it does not arrive at Vancouver until ten o'clock the next morning, almost 24 hours later. It could go by plane at five o'clock, arrive at Vancouver at six o'clock and make connections with the eastbound mail the same evening.

The people in that area are quite prepared to pay the seven cent air mail rate. I should like to see the department put in an air mail service on a three-months trial to see if the extra revenue would not compensate the department for the increased expense involved. I would appreciate it greatly if the minister and his officials would give this matter their consideration.

Mr. Rinfret: As far as the first part of the hon. member's question is concerned, this department is one of service, but due regard must always be had to the pockets of the taxpayers. As to the second question, last year we spent $8,213,000 on air mail service, but if we can give improved service there we shall certainly attempt to do so.

Mr. Gibson (Comox-Alberni): How much of that went to T.C.A.?

[Mr. Rinfret.]

Mr. Rinfret: $6,500,000.

Mr. Gibson (Comox-Alberni): The great bulk of it went to T.C.A.?

Mr. Rinfret: Yes.

Mr. Gibson (Comox-Alberni): So it was just a transfer of government funds?

Mr. Rinfret: That is right.

Mr. Coldwell: If I am on the wrong item I hope you will excuse me for a moment. I know this matter concerns the Department of Public Works more than the Postmaster General. Some years ago a site was purchased for a post office in the town of Biggar, Saskatchewan, and an item was put in the estimates of the Department of Public Works to construct a building. It is a project that should be considered because Biggar is an important divisional point on the Canadian National Railways, a town with a population of over 2,000 and a large adjacent territory which the post office serves. I believe the revenue would warrant it. All I am asking is that the Postmaster General co-operate as much as possible with the Minister of Public Works for the erection of a proper building.

Mr. Rinfret: With pleasure.

Item agreed to.

DEPARTMENT OF SECRETARY OF STATE FOR EXTERNAL AFFAIRS

Department and missions abroad—
51. Departmental administration, $2,170,510.

The Deputy Chairman: As the committee knows, the estimates of this department were carefully studied in the standing committee on external affairs.

Mr. Stewart (Winnipeg North): I rise on a question of privilege. I said yesterday, at page 2587 of *Hansard,* that the film board had sold 1,733 prints, which did not appear to me to be terribly severe competition so far as the professional photographers association was concerned. The hon. member for Peterborough West attempted to correct me, and pointed out that up to September 30 of this year 57,755 prints were sold. The misunderstanding arose through my not making it clear that the 1,733 prints had been sold at commercial rates to whoever solicited them. From January 1 to September 30, 1949, as the hon. member for Peterborough West said, 57,755 prints were sold. Of this number 1,733 prints were sold at commercial rates to whoever wanted them, and the balance were sold to government departments.

Mr. Fleming: I also rise on a question of privilege. At page 2837 of *Hansard* I am reported as saying "quite true" after you, Mr.

Chairman, had made certain remarks. The first part of your remarks had some reference to item 934, and then you added this sentence:

He is reported to the extent of about half a page on television as it appears in *Hansard* of yesterday.

You were referring to me, Mr. Chairman. After that remark I am reported in *Hansard* as saying "quite true". My remark applied only to your last sentence, namely, that I had spoken to the extent of about half a page on television. It does not apply to your previous remark about its having a bearing on item 934.

The Deputy Chairman: I have listened to the two questions of privilege raised by the hon. member for Winnipeg North and the hon. member for Eglinton. I should like to refer them to citations 192 and 193 of Beauchesne, third edition.

Mr. Fleming: As you have said, Mr. Chairman, these estimates were carefully reviewed in the standing committee on external affairs, and I am sure there is no disposition on the part of anyone to go over the same ground that was covered there. Nevertheless, as that was done a matter of several weeks ago and events have been moving pretty swiftly in certain quarters, I wonder if the minister has any further information to give the house concerning any of these matters, particularly with reference to the Far East.

Hon. L. B. Pearson (Secretary of State for External Affairs): Mr. Chairman, I do not think there is very much I can add on the general international situation to the statement I made in the house a few weeks ago. On the particular point raised by my hon. friend, conditions in the Far East, there have not been any developments of which I am aware that have altered the situation, and our attitude towards it. As to the question of the recognition of another government in China, I do not think I would have anything to add at this time to what I have said previously. If there are any other specific points which are of particular interest to the hon. member, I shall be glad to deal with them, but in general there is nothing I would care to add to what I said a few weeks ago.

Item agreed to.

53. Representation abroad—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff appointed as directed by the governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $5,172,363.

Mr. McLure: What is the total number of commissioners, ambassadors, plenipotentiaries and consuls, and how many different countries do they cover?

Mr. Pearson: The total staff of the department situated abroad is 635, and that includes Canadian representation in forty-four offices in thirty-four countries. Of that total number there are fourteen ambassadors, six ministers, six high commissioners, one head of a military mission—that is in Germany—three consuls general, 69 foreign service officers of the seven grades, four consular officers; and administrative officers and subordinate staff make up the remainder.

Mr. McLure: Would that include trade commissioners as well?

Mr. Pearson: No, trade commissioners would come under the Department of Trade and Commerce, and would be in addition to the number I have mentioned.

Mr. McLure: How are these commissioners and ambassadors selected; by the civil service commission or are they straight government appointments?

Mr. Pearson: The heads of missions, whether they are ambassadors, ministers or high commissioners, are government appointments. Foreign service officers in our missions abroad are all appointed after competitive examination through the civil service commission.

Mr. Murray (Cariboo): Is there any policy outlined for the employment of young Canadians at these offices abroad? I mean as typists, filing clerks, and so on. Our young people should be trained in this particular field of service rather than employing personnel in the places where the offices are located.

Mr. Pearson: We employ Canadians in clerical, administrative and stenographic work in our offices abroad. We recruit them through the civil service commission, and train them in the department for service abroad. Subordinate appointments abroad are sometimes filled by local recruitment, but in general the stenographic, clerical and administrative staffs are recruited in Canada for service abroad and trained for that purpose.

Mr. Murray (Cariboo): Would the minister consider employing only Canadian-born people in these offices?

Mr. Pearson: We try to do that, but for appointment to very subordinate positions, such as messengers and so on, we do not think it would be economically desirable to send people from Canada. Any position involving any degree of responsibility, however, should be and is filled by a Canadian official.

Item agreed to.

60. Grant to United Nations Society in Canada, $5,000.

Mr. Fleming: The standing committee on external affairs adopted a resolution recommending that the government give consideration to increasing this amount, presumably in next year's estimates. I would ask the minister if he will give consideration to that recommendation.

Mr. Pearson: I shall be happy to give consideration to that recommendation by the committee.

Mr. Coldwell: I should like to support that request by saying that all of us who are interested in the United Nations organization would be grateful if that could be considered. Are we also considering item 779 of the supplementaries?

The Deputy Chairman: For the sake of order perhaps we should dispose of item No. 60, which covers a grant to the United Nations Society in Canada. The item to which the hon. member refers deals with the international children's emergency fund, and we shall come to that later.

Item agreed to.

General—The Canadian government assessment for membership in the following international or commonwealth organizations.

61. United Nations, $1,335,000.

Mr. Green: Press dispatches of yesterday, December 7, indicate that there was a vote in the United Nations concerning Southwest Africa. As I read the dispatches, a resolution was put through asking the international court of justice to rule on the status of Southwest Africa. That resolution was bitterly opposed by South Africa but was carried; and I believe Canada supported the motion. There may have been good reasons for that action on Canada's part, but the minister should explain them to the committee. South Africa is a sister nation in the commonwealth. Over a period of years she has been severely criticized by some nations which really have not much right to criticize, because they do not deal with their own problems any better than South Africa has dealt with hers; and I believe some nations at least have been very unfair in the attitude they have adopted toward our sister nation. South Africa is facing a very difficult problem in Southwest Africa, and it is all too easy for these other nations to throw bricks at her.

Personally I rather regret that Canada joined with the other nations in voting against South Africa on a question of this kind, which must make things very awkward for that country. One has only to think back to the meeting in San Francisco, where Field Marshal Smuts was one of the key men in bringing about the organization of the United Nations. If it had not been for his wise leadership perhaps there would have been no United Nations organization. In other years he has been attacked personally before that assembly; and now, this week, we have this further attack on South Africa in which Canada joined with these other countries. I should like the minister to give us some explanation.

Mr. Pearson: I think there is some misunderstanding in the mind of the hon. gentleman as to what we actually did, that is what the Canadian delegation did at Lake Success, on this matter. We have had close and very friendly co-operation with the South African delegation at the assembly. As the committee is aware, that delegation was under attack because of certain alleged inadequacies in its policies with regard to Southwest Africa.

We did not support certain efforts made by other delegations to impose obligations upon the Union of South Africa in respect of this territory which we thought she was not obliged to accept under the charter, but there was some doubt whether the obligation of supplying information to the United Nations on behalf of that territory rested with South Africa, and we supported a resolution to refer that and related matters to the international court to obtain a legal opinion as to whether South Africa was under an obligation to submit that information to the United Nations. That is all we did in that regard, and in the circumstances I do not think the South African delegation would quarrel with our attitude on that resolution.

Mr. Green: Then the press dispatch is wrong. According to it there were two votes. The first was on a motion to have the international court of justice rule on the status of Southwest Africa, and the report says Canada voted for that motion. Then apparently there was another vote concerning this matter of submitting information to the United Nations, and the report indicates that Canada abstained from voting on the second motion. Is the newspaper report correct?

Mr. Pearson: I have not seen the newspaper report, nor as yet have I seen the official report from our delegation, which will probably arrive today. We did vote for a resolution to submit to the international court the question of South Africa's obligations in respect of Southwest Africa, whether it is or is not analogous to a trust territory. All we wanted to do by that vote was to have this question cleared up by a legal opinion. We may have abstained on the other question,

as to whether South Africa should or should not supply the United Nations with certain information; but if we did abstain, as I see it, that would not necessarily mean a judgment on South Africa's policy. One reason we may have abstained in regard to whether South Africa should or should not supply certain information would be that we felt it might be undesirable to take a definite position in that regard until we knew what was South Africa's legal position in regard to Southwest Africa.

Mr. Green: If Canada abstained from voting on the resolution asking for further information about Southwest Africa, why on earth should she vote for the resolution asking the international court of justice to go into the question of the status of Southwest Africa?

Mr. Pearson: With all respect, I do not think those two positions are inconsistent.

Item agreed to.

Specialized agencies—

62. Food and agricultural organization of the United Nations, $191,000.

Mr. Fair: Could the minister give us a brief outline of the present position of the food and agricultural organization, particularly with respect to the setting up of a fund for the purchase of food in surplus areas for distribution in the deficiency areas of the world today? Just what is the position in that regard?

Mr. Pearson: The food and agricultural organization has just concluded its annual assembly. The leader of the Canadian delegation to that assembly was my colleague the Minister of Agriculture, and I believe he would be in a much better position to deal with that question if that would be agreeable to the hon. member.

Mr. Wright: It is agreeable, provided that we can get something on it from him on some of his estimates. We are having difficulty.

Mr. Pearson: I will bring it to the attention of the minister in the hope that he is able to say something about it on his estimates later.

Item agreed to.

64. United Nations educational, scientific and cultural organization, $306,500.

Mr. Low: Reports in various papers recently indicate a concerted effort on the part of some of the European countries to devote moneys from the contributions that are made by the various nations for the purpose of educating groups of children that have been taken away from Greece and lodged in countries like Roumania. Can the minister give us some late information on just what is being done with the moneys which are voted to UNESCO by this parliament and whether or not there is any danger that some of these moneys will find their way into the effort to educate people who have been gathered together in what are called the communist camps or atheist camps in Europe?

Mr. Pearson: With regard to the activities of UNESCO, the hon. member will recall that a statement was made on this subject in the committee. On page 136 of No. 4 of the committee reports he will find outlined certain projects that UNESCO has undertaken.

He has mentioned the particular question whether UNESCO funds are being used for the purpose of educating Greek children who have been taken from Greece as the result of the civil war and put in communist camps in Bulgaria, Roumania and other communist countries. I certainly have no knowledge of any such funds being used for that purpose, and I would be greatly surprised indeed if that has happened; but I shall be glad to look into the matter. In regard to these children, I might say that at the recent United Nations assembly we passed a resolution which I think will be effective in bringing about their repatriation to Greece, and I hope that will happen before long.

Mr. Low: In the meantime, if there is any effort on the part of the various organizations or of UNESCO itself to make use of Canadian contributions for such education as has been mentioned, I am sure that the minister will give the committee the assurance that he will resist it to the utmost.

Mr. Pearson: I shall be glad to give that assurance now.

Mr. Fleming: I will go further and say that if it is found that Canadian money is being used for that purpose or any money of UNESCO is being used under conditions of that kind, Canada should give serious consideration to abandoning UNESCO; because I do not think there is any Canadian or any member who wants to see moneys put at the disposal of UNESCO used for that purpose. I am quite sure that situation does not exist, but in line with what the minister said in reply to the hon. member for Peace River, I am sure that the feeling in this country would be just as strong as I have sought to indicate.

Mr. Pearson: I gave that assurance, and I am glad to repeat it. But I would not want it to be understood that I think for a moment that funds are being used by UNESCO for that purpose, because we have no reason to believe that to be the case.

Mr. Gillis: This question is not on that particular point. Can the minister tell us

what means or methods they adopt to keep the people informed with regard to what discussions and decisions are taking place and what decisions are being made through the medium of that organization? About all we get is what the press gives us or what the minister reports to the house. Is a verbatim report kept of the committee meetings, of the general assembly meetings and of decisions that are made? Is there something that is reliable and that you can send back to people that are interested? I think the success or failure of that organization will depend on how well people are informed.

Mr. Pearson: I take it that the hon. member is now talking about UNESCO.

Mr. Gillis: No, about the whole set-up.

Mr. Pearson: With regard to the United Nations organization generally, I think we disseminate a certain amount of information through our department. There are other ways by which the people are kept informed. The United Nations division of information itself is a very active agency, and information from that quarter comes to Canada and other countries; in fact a considerable portion of the budget of the United Nations is devoted to the information division which is supposed to keep the member countries informed by radio, the press and through other sources of information. I think they have done that with some measure of success.

Item agreed to.

65. World health organization, $108,000.

Mr. Knowles: Will the minister indicate the reason for the reduction in the amount of the item? Has it anything to do with the budget of the organization or does it indicate any lessening of activity on its part?

Mr. Pearson: I do not think that the reduction in the budget of that organization has anything to do with the lessening of its activities. There is a statement about the organization, which may be found at page 142 of volume 4 of the committee reports. From a study of the organization I think it will be found that it is maintaining its activities and that the reduction is a technical one which I believe will not interfere with the work. The reason why we reduced our own contributions was a purely technical one, namely that we had paid part of the contribution in the previous year, which meant we had less to pay this year.

Mr. Fleming: Today's press indicates that Bulgaria has withdrawn from the world health organization. Has the minister any information as to whether this indicates a general withdrawal on the part of those members of the world health organization that are behind the iron curtain?

Mr. Pearson: The Soviet union withdrew from this organization about a year ago, and it is therefore not surprising that the governments controlled by the Soviet union should follow that policy. Bulgaria's withdrawal is probably due to that fact.

Mr. Fleming: What about the other countries behind the iron curtain?

Mr. Pearson: I think some of the other countries have withdrawn as well. If they have not, I should not be surprised if they did so before long.

Item agreed to.

Demobilization and reconversion—

70. To provide for the Canadian government's contribution to the international refugee organization, $5,425,000.

Mr. McLure: Will the minister give us an idea of the total amount of contributions to the organization? I notice that the Canadian government's contribution is $5,500,000.

Mr. Pearson: The hon. member will find a good deal of information about this organization on page 145 of volume 4 of the proceedings and evidence of the committee, where a report was made on it by the department. A good deal of detail is given in that report, and possibly the hon. member would not wish me to repeat those details now.

The total budget of the organization is $4,500,000 for administrative expenses and $150,000,000 for operational expenses. Of the $155,000,000 our share is, as the estimate shows, roughly about 3·5 per cent, which is generally in line with the proportion of the expenses of international organizations that this government bears.

Mr. Shaw: There are a couple of matters to which I should like to refer. Can the minister give us any information as to the number of displaced persons who have gone to each of the various countries that now contribute to this $155,000,000 fund?

Mr. Pearson: Since July 1, 1947, when IRO began its work, some 260,000 refugees have been resettled, some of them in their own countries of origin, some in other European countries and others in countries abroad. At the moment I have not before me a breakdown of that number, but again that is to be found in the report of the committee where figures are given on this matter. In Canada I believe we have taken since that time somewhere around 45,000 displaced persons, but I am not sure of the exact number.

Mr. Shaw: In the return which was brought down in my name and also in the evidence to which the minister referred, I noticed that certain expenses incurred in connection with displaced persons coming to Canada are met out of IRO funds. My experience with this has been that in some instances they have been paid, and in a great many instances they have not been paid. In my own constituency I know of two instances at least where the sponsors had to pay as high as $900 and $1,000 in order to bring displaced persons, refugees, to this country. In that connection I should like to ask two questions.

Since there are, or are presumed to be, a number of organizations in Canada which contact the sponsors of displaced persons and ask for certain amounts of money to be paid before these persons can come out, will the minister give us a list of what might be regarded as legitimate organizations which are now contacting the relatives of displaced persons and asking them for the payment of certain amounts of money before these persons can come out? Is there any method by which those who have paid these large sums of money can secure refunds? It seems most unfair when you take two cases. In the one case the bulk of the expenses have been paid, and in the other case none of the expenses have been paid even though it worked great hardship on the sponsor.

Mr. Pearson: So far as the government is concerned we deal only with the international refugee organization.

Mr. Shaw: Displaced persons?

Mr. Pearson: All displaced persons coming to this country under the auspices of that organization are treated in the same way. There may well be, however, other displaced persons who find their way to Canada in other ways, and I am not sure what the situation is in regard to the payment of their travelling expenses. The IRO does pay the travelling expenses of the people under its jurisdiction coming to Canada. I shall be glad to look into that and see if there are organizations of the kind the hon. member suggests, and find out whether injustices have been done through the activities of those organizations whereby some displaced persons get their expenses paid and others do not.

Mr. Shaw: I would certainly appreciate an investigation. The individual sponsor has no way of knowing whether an organization is legitimate or not; and of course they are so keen about getting those people out that they will sacrifice to the limit. I know of cases where it has occurred in order to get enough money to meet the demands of the organization. I certainly hope this matter will be looked into.

Mr. Coldwell: May I just say a word on this? I think the Department of Labour and the Department of Immigration ought to be commended on the manner in which they have dealt with this question of displaced persons in the last two years. One should express appreciation of the manner in which this has been dealt with latterly. For a year or two we were prone to complain that Canada was not doing her part in giving refuge to those who had suffered from nazi oppression and the threat of communist retaliation if they were returned to their countries of origin.

I have had something to do with the setting up of the IRO and have had considerable correspondence with the department in regard to people, particularly from the Baltic states, whom I regard as very desirable settlers in this country. I have found that the Department of Labour and our representatives overseas have given every attention to any request that has been made.

With regard to the point raised by the hon. member, I wonder whether it is because persons who wished to bring relatives and displaced persons had been, shall I say, sufficiently ill advised to accept approaches by certain people offering to bring relatives over for a consideration. I came across an instance in my own constituency a short time ago of an approach from Paris, as a matter of fact, in connection with the coming of the mother of a gentleman in my constituency. The amount asked for was $1,000. Fortunately the man who had been in contact with the people in Paris asked me about it when I was out there last summer. I said: "Don't send the $1,000. I shall inquire of our own department." I inquired in the department and the department made inquiries overseas. The result was that the necessary order in council was passed. The money for the passage of this lady from Germany to Canada has been paid to the Canadian National Railways and I have no doubt that if she can get out of Poland she will arrive here at a fraction of the cost that was originally asked.

As far as possible people should be advised to get in touch with responsible government officials or organizations, and get advice before they pay out large sums of money to get people into this country. As I understand, there is no need for them to do that. If the person is in a displaced persons camp the IRO looks after it. If they are not in such a camp the thing to do is to get in touch with the Canadian National or the Canadian

Pacific or one of the transportation organizations and the department, get the necessary permission, and the cost will be a fraction of what is asked.

I rose to say I have appreciated the co-operation of the department and the manner in which they have in the last two years at least endeavoured to work out the settlement of displaced persons and particularly the persons who I think can make a contribution to this country. However, I must add this. There is growing in the displaced persons camps a hard corps of persons who are not easily integrated, shall I say, into the life of the various countries. Because of war disabilities some of them have become deafened. For example, I know of a Latvian family where two of the children were deafened in an air raid by the British forces on a German city and the parents cannot come without them. On the other hand, I understand, this country is hesitant about bringing them in, or perhaps some people who have contracted lung trouble or something of that sort because they were refugees running away from the oppression of Hitler, or if it was in the Baltic states, from the Russians when they came in. They have suffered in the common cause, and perhaps I might suggest to the minister that some attention should be given to seeing whether the nations together can come to an arrangement whereby perhaps at least some of these people can be taken care of in our country. Indeed, perhaps if we erected institutions for some of these people, in years to come those institutions might be very valuable to this country in the field of public health.

I know it is a difficult problem, but I feel that as a Christian country, and actuated as most people in this country are by humanitarian principles, we should consider those who are not as physically fit as others we have taken to assist us in the performance of various types of labour in this country. I am speaking to the minister on behalf of these unfortunate people in the camps in Europe.

Mr. Pearson: I appreciate what the hon. member has said. A few moments ago I mentioned a figure of 45,000 d.p.'s having entered Canada. I find that up to December 31, 1948, 54,733 had entered this country.

Mr. Shaw: I intended no criticism of IRO or the minister's department. However, this matter has come to my attention, and in the second place I was thinking only of Canadian organizations, and did not have in mind organizations or individuals outside Canada who might be trying to secure money.

[Mr. Coldwell.]

Mr. Gillis: I might say my experience in connection with a sponsor bringing in a person from a displaced persons camp was not along the lines indicated by the hon. member for Rosetown-Biggar. In the several cases I have in mind there was no organization such as that described by the hon. member for Red Deer. There did come to my attention, however, cases concerning people who were in displaced persons camps in Germany. The negotiations in connection with bringing them in were all carried on through the immigration branch. In one instance it took about three years before the person affected could be screened and brought through. All the expense was paid by the sponsor in Canada—every cent of it. To the best of my knowledge, in the several cases with which I was concerned the sponsors in Canada paid all the expenses, after a considerable amount of delay and difficulty, in connection with bringing in the remains of a family in Europe.

If the hon. member for Rosetown-Biggar is of the opinion that all one has to do is to get in touch with the immigration branch or the Department of Labour, and that the expenses will be paid and the job done, I can tell him that certainly has not been my experience. Perhaps those people should ask for a refund.

Item agreed to.

774. International civil aviation organization, $138,759.

Mr. Knowles: Has the minister any further statement to make in connection with the matter about which I spoke to him a few days ago, involving the United States and Canada?

Mr. Pearson: I take it the hon. member is referring to the difficulty in connection with Colonial Air Lines?

Mr. Knowles: Yes.

Mr. Pearson: No; I have nothing further to say, except that we have received the note and will be answering it and will be having our discussion in due course with the United States authorities. The Colonial hearing meanwhile begins on Monday.

Item agreed to.

779. International children's emergency fund, $1,075,000.

Mr. Coldwell: Mr. Chairman, I am glad to see this appropriation in the estimates. The people in Canada have shown their interest in this fund because when last April an appeal was made a very considerable sum

of money was raised voluntarily, as well as a contribution of some $6 million which I believe has been made to this organization.

I do not believe there is anything which can create more good will for this country and the other countries participating in the fund than can this international children's emergency fund. These children are helped wherever they may be, in any and every country. While it may be said that children are being helped in countries unfriendly to us, nevertheless I believe that when the children in those countries grow up they will appreciate what has been done for them, not only in the matter of providing food and clothing to meet their present distress, but also in the medical care and the treatment given them to make them useful world citizens.

I have always been interested in seeing this sort of thing undertaken, not only by private organizations—and I believe we should use private organizations as well—but, when the need is as great as it is now, by nations making contributions from the public purse. I am glad Canada is doing that.

Perhaps on another occasion I may point out the need of doing something for our own children in our own country. But the fact that we have to do so is no reason why we should not participate in a worth-while international fund to help children throughout the world. It is true that charity begins at home; but there is another part of the good book which says that if we cast our bread upon the waters it will return to us after many days. I think this is one way of casting bread upon the waters, and I am sure that one day we shall be rewarded tenfold for what we are trying to do now.

Mr. Fleming: I have only one comment, and it is this: We are just completing a review of the estimates of one of the most important government departments, and we have done it in the space of forty-five minutes, despite the fact that there are, I believe, thirty-five items. This has been made possible because these items were reviewed in the standing committee on external affairs.

This gives me an opportunity to repeat what I had said before, that I think parliament will do infinitely more efficient work on the estimates—

The Deputy Chairman: Order; the item under discussion has to do with the international children's emergency fund.

Mr. Fleming: I am making the observation—

The Deputy Chairman: Speeches must be strictly relevant to the item.

Mr. Fleming: What I am saying applies to this item as it does to the others, that the example here is one worth repeating in other departments, namely that the estimates be referred to a committee before they are taken up here.

Item agreed to.

DEPARTMENT OF TRANSPORT

455. Canals service, administration, $81,400.

Mr. Black (Cumberland): I shall not take up much time in discussing the estimates of this very important department. So far as the maritime provinces are concerned this department is most important. We have already had some discussion with respect to the transport board. The other night the hon. member for Charlotte made a scathing denunciation of trading relations with central Canada and of present government policy, and condemned the present situation as between the maritime provinces and central Canada. This is remarkable when one considers that this government has been in office continuously, with the exception of the depression years, since 1921. It might be worth while for me to read what the hon. member for Charlotte said, as reported on page 2785 of *Hansard:*

> I often wonder if the people of Ontario and Quebec realize just exactly the position we are in down in the maritimes. There is nothing that we have to offer that they want in central Canada. We are obliged to go to our neighbours to the south of us in order to sell our products. But when we bring that money back into Canada, if there is anything that we might want for our homes we have to go to Ontario and pay two prices for it.

That is a serious denunciation of the government's policies as they affect the maritimes. The freight rates with central Canada are excessive and it is most difficult for the producers of natural products in the maritime provinces to get their goods to the markets of central Canada. I am not going to follow that up except to point out that this matter is exceedingly important to the maritime provinces and we are not satisfied with what has been done by the government, by the minister or his predecessors in order to make it more profitable for us to trade with central Canada and attain that measure of prosperity we should have.

I am going to take a few minutes to refer to canals, to the Chignecto canal. The building of this canal has been before this house ever since confederation. The hon. member for Royal has brought it up recently, as well as the hon. member for Queens and the hon. member for Gloucester. This session it was brought up by the hon. member for Saint-John-Albert, the hon. member for Antigonish-Guysborough and other hon. members.

A committee has been set up in the maritime provinces to press for the construction of this canal. Many agree with me, that there is sufficient information in the hands of the department to permit them to announce a policy for the construction of this canal. We heard yesterday, and again today, oft repeated reference to the St. Lawrence canal. Everyone in central Canada seems to be straining at the leash to get that canal and power development under way. More than $350 million has been expended in central Canada on canals, and though the Chignecto canal was promised to us from the days of confederation, nothing has yet been done for us.

The minister has had this matter brought repeatedly to his personal attention and I am going to ask him to make an announcement today. I base this request on the premise that it is due to the maritime provinces, that it will have strategic defence value, that it will be commercially worth while and will provide needed employment as well. There should be sufficient information on the records to show that it is feasible. Engineers report possibilities of large power development.

I should like the minister to state what the government proposes to do in connection with the construction of this canal. If the minister states that he has not sufficient surveying and engineering data available, competent men should be appointed by the federal government and recommended by this Chignecto canal committee, which has been doing such good work in the maritime provinces. We would then know where we were. A declaration of policy should be made immediately by the government.

Mr. Gillis: A couple of weeks ago I asked the minister what progress has been made on the Canso project and he promised to make a statement on his estimates.

Mr. Chevrier: That item is considerably down on the list and perhaps I shall say something on it when we reach the item. With all the respect that is due to the committee I should like to remind it that this is the third day we have had the estimates of the Department of Transport before us. If there is to be a full discussion, of course I am prepared to answer all questions, but I should like to draw that fact to the attention of the committee at this time.

The hon. member for Cumberland made certain statements with regard to transportation generally and I am sorry that I must disagree entirely and fully with what he said about the manner in which transportation services in the maritime provinces are handled. I am sorry that I have not the data at my fingertips to confront the hon. member with what has been done transportationwise in the maritime provinces.

The chief matter with which the hon. member seems to be concerned at the moment is the building of the Chignecto canal. If one were to take for granted everything that has been said, one would come to the conclusion that little or nothing had been done by the Department of Transport or the government in connection with the building of this canal. As the hon. member has said, there is a great deal of data in the files of the department but that data indicates clearly that from an economic point of view this is not the time to build the Chignecto canal.

When I say that that indicates that this is not the time, I refer to the last report made in 1931. I would say to my hon. friend that in view of the representations that have been received from the maritime provinces and elsewhere since the beginning of the session and a short time before; in view of the further fact that the evidence now in the department is against the building of the canal from an economic standpoint—

Mr. Black (Cumberland): There has not been a canal built in Canada on an economic basis from the viewpoint of traffic.

Mr. Chevrier: If the hon. gentleman will permit me to complete my statement he can ask his questions afterward. I was saying that I would be prepared to give consideration to the appointment of a board of engineers to ascertain if in view of all the circumstances that exist today and which have changed since the last report was made it would be economical to construct this canal, having due regard to the possibilities of power development.

Mr. Black (Cumberland): I point out again that, unless power development was also involved, there has not been a canal built in Canada on a purely economic basis. All canals are operated free of tolls. I would point out that there are hundreds of millions of tons of iron ore which will be looking for a market in the eastern United States, which will make use of this canal at a great saving in transportation charges.

Item agreed to.

Canals service—

912. Canals service — administration — further amount required, $2,500.

Mr. Hatfield: Has item 911 been carried?

Mr. Chevrier: What was the question?

Mr. Hatfield: Has item 911 been carried?

The Chairman: Item 911.

911. Departmental administration—further amount required, $20,000.

Mr. Black (Cumberland): How much revenue has been received by the department from the operation of canals? In the main estimates the annual amount appropriated for canals service is $7,501,000.

Mr. Chevrier: For the last fiscal year the revenue was $1,756,000.

Mr. Black (Cumberland): From what canals was that revenue secured, and was it from use for power purposes or transportation?

Mr. Chevrier: It was for leases for power purposes and other revenue accruing to the department from all the canals under the administration.

Mr. Black (Cumberland): Was there any revenue for transportation purposes?

Mr. Chevrier: No.

Mr. Knowles: I should like to be clear as to what items have been passed in this department, and what the program is. For example, did we carry 453, or does it still stand?

Mr. Chevrier: We carried both 453 and 454. Just a moment ago we carried 455, and I understand we are on 456 now.

Mr. Knowles: Are we on 456, or has the chairman called 911?

The Chairman: I will call the main estimates first, and the supplementaries afterwards.

Mr. Knowles: You have not yet called 911?

The Chairman: I called it.

Mr. Fulton: Are we on item 911?

Mr. Hatfield: What item are we on?

Mr. Knowles: We started today on 455.

The Chairman: Item 455 is carried.

Mr. Knowles: I want to say something on item 911. Tell me when you are calling it.

The Chairman: I called it, but if you prefer to deal with the main estimates now I will take them first.

Mr. Knowles: And then come back to item 911 afterwards.

The Chairman: Yes.

Mr. Knowles: That is all right.

Item stands.

Canals service—

456. Canals—operation and maintenance, $3,809,650.

Mr. Green: I have a question on item 456 which also applies to item 457. There has been a substantial increase in both these votes, and I do not think there has been any increase in the mileage of canals in operation in Canada. Will the minister explain why it is there is such a large increase?

Mr. Chevrier: In the first case the increase is due almost entirely to increases in salary. In the second case the increase is due to the construction of a tunnel under the Lachine canal, which amounts to over $1 million, the revote being $910,000.

Mr. Green: There has also been a large increase in the number of personnel. Why was that necessary?

Mr. Chevrier: I am informed there has been no increase in personnel.

Mr. Green: If the minister will refer to page 276 of the estimates he will see that under canals operation and maintenance there is an increase of nearly 100. What was the reason for that?

Mr. Chevrier: I am informed there is no over-all increase. The increase referred to by my hon. friend is a transfer from one division of the department to another, and also from temporary personnel to permanent.

Mr. Green: The vote for temporary assistance is $150,000 higher for this fiscal year than it was in the last. There would not seem to be very much of a switch from temporaries to permanents, when one considers this amount.

Mr. Chevrier: I am told that is due to higher rates.

Item agreed to.

458. To provide for expenses in connection with St. Lawrence ship canal surveys and investigations, $20,000.

Mr. Fulton: I should like information as to whether anything under this item is allocated to survey or development work or investigation in connection with what is commonly known as the St. Lawrence seaway project, or is it entirely for existing navigational facilities?

Mr. Chevrier: Indirectly it is survey work. It is survey work in connection with the Lachine section of the St. Lawrence waterway. There was a report made under the supervision of a board of engineers, the chairman of which was Mr. R. A. C. Henry, and it was tabled in the house.

Item agreed to.

Marine service—

460. Marine service administration, $17,830.

Mr. Drew: Under this item I wish to direct some remarks to the administration of the marine service generally.

On November 21 the Minister of Trade and Commerce read a report, on behalf of the Minister of Transport, who was not present at the time, giving what purported to be a summary of the findings of the Kellock commission in regard to the *Noronic* tragedy. At page 1991 of *Hansard* for November 21, I find that the following are the opening words in the presentation of the report:

I wish to give the house a summary of the report of the court of investigation into the loss of the steamship *Noronic* by fire on September 17 last.

What follows is a summary which was read to the house and appears in the record. In the report there was reference at a number of places to the outstanding examples of negligence which had contributed in some way to what took place. At one point I find these words:

Moreover, complete complacency had descended upon both the ship officers and the management. The fire which actually occurred found officers and crew without any organization designed to deal with such a situation.

I do not suggest that these words in any way failed to interpret correctly the situation which existed so far as the shipowners, officers and management are concerned as it appeared from the evidence. But there is one consideration which I think should be in the minds of hon. members. This was one of the most important statements made to the house during the present session. A tragedy had occurred which shocked not only members of the house, but every Canadian, and I imagine also every citizen of the United States who read of that disastrous fire and its appalling consequences. For this reason special significance attaches to this report, because everyone is concerned about the possibility and the danger of fire. No one with a sense of responsibility would refuse to do everything possible to prevent tragedies that result from fire breaking out where human beings are in a position of danger. It was essential, therefore, that a balanced picture of what was contained in the report should be presented to the members of this house, and, through the reporting of proceedings here, to the people of Canada.

What actually was not contained in the summary was a very important part of the findings of that report. When the summary used the expression that "complete complacency had descended upon both the ship officers and the management", it should have added that the report made it clear that complete complacency had descended upon the inspection staff of the Department of Transport, which was charged with this responsibility.

None of us here has any desire to direct unpleasant criticism at anyone, but we would not be doing our duty if we did not make sure that all the lessons to be gained from this report are placed before the members of the house and the people of Canada. Such a summary as was presented to hon. members, purporting to give a balanced picture of a finding of this kind, should have contained every essential consideration that might be in the minds of those who read it. That, I must say, is not my interpretation of this summary as I compare it with the report of the court of investigation set up by the minister under Mr. Justice Kellock, acting as commissioner.

On page 9 of the report, under the heading "Legislation, including regulations", I find these words:

Before dealing with the actual events of the night in question, it is relevant to consider the background of legislation and regulations to which the ship and its owners were subject.

Then the report goes on to deal with fire-resistant bulkheads, and says:

Under the provisions of section 405(1)(a) of the Canada Shipping Act, regulations were passed on the 7th of July, 1939.

It goes on to review certain regulations in regard to bulkheads, and on page 10 I find these words:

The *Noronic* was built in 1913 and had been constructed without any fire-resisting bulkheads. She was not required to comply with the provisions of regulation 47, the exemption taking the form of a certificate stating that the ship had complied with the regulations.

I want to repeat that sentence:

She was not required to comply with the provisions of regulation 47, the exemption taking the form of a certificate stating that the ship had complied with the regulations. There is nothing in the records of the board as to the reason for this decision but the evidence indicates that other existing ships were similarly treated. As far as the *Noronic* is concerned, it was not impracticable, on the evidence, to install fire-resisting bulkheads in accordance with the regulations. It must therefore be assumed that the chairman considered that, from the standpoint of expense, it would be unreasonable to require compliance.

I do not intend to extend my remarks on that point beyond saying that when the parliament of Canada passes certain laws imposing certain responsibilities, and employees in the service of Canada are entrusted with the duty of carrying out those laws and the regulations thereunder, where danger to human life is involved no official in the public service of Canada has the right to take upon himself the responsibility of saying that, because of cost, safety measures which are clearly laid down shall not be complied with. This is simply another evidence of the tendency to suspend the law being carried from government to officials of government. It is not something that stands by itself alone; it is evidence of a tendency we have seen in other cases as well.

On page 16, after devoting several pages to the whole question of inspection, the report contains these words:

The government inspector, who inspected the ship annually, and his superior, were of opinion that if two hydrants on a particular deck were not sufficiently close to a particular point to enable two separate hoses to be brought to bear on such a locality, the regulation would be satisfied if it would be possible to bring a hose from the deck above or the deck beneath. In practice this had never been done at any fire drill and, in my opinion, such an operation should not have been relied on . . .

Then on page 17—and all this part deals with the question of regulations, inspections, and compliance with the law—I see these words:

As to regulation 6, which deals with the provision for making available two powerful jets of water in the coal bunker spaces, boiler rooms and engine rooms, there was only one hydrant capable of supplying a single hose in the engine room and boiler rooms. The inspector said in evidence that in that situation he could not say that regulation had been complied with, although the certificate which he issued to the owners states that the statute had been complied with.

In other words, according to the evidence of the inspector he could not actually substantiate an important certificate which stated that a statute, upon which human safety depended, had been complied with.

Again, after reviewing the subject further, and going into further details of safety measures which were not carried out, I come to these words on page 18:

The inspection consisted of lifting up each extinguisher for the purpose of seeing whether or not it had been charged and in turning two or three upside down to ascertain if they would operate. It was impossible for the inspector therefore to say, from such an inspection, that the requirements of the regulation as to the provision of the necessary number of extinguishers "in each enclosed space occupied by passengers or crew" on each deck, had been satisfied. Such an inspection does not attain the real purpose of the regulation, namely, that a sufficient number of fire extinguishers ready for instant use shall be in position on each deck.

Then, in a discussion of the subject of pumps, I come to these words in the report:

The *Noronic*, at the time of the fire, had complied with this regulation as to the number of pumps, but all three considered by the inspector as complying with the regulation were in fact "fitted in the same space," contrary to the express provision of the regulation.

By virtue of the fact that they were fitted in the same space, they did not comply with the regulation. I am going to refer to the next page in a moment, but I want to point out that this review of the regulations and the failure to enforce them appears in the report before the general discussion of the failure of the management and officials to carry out their responsibilities. I believe that it must be the opinion of most if not all of the members of the house that those inspections and those standards which are imposed under the laws passed by parliament must be the starting point of those measures of safety which we expect to be enforced in ships, vehicles or anything else carrying human beings. The attitude of the commissioner as to the effect of this failure by the inspector and others to insist upon compliance with the regulations is clearly indicated in these words found at page 20 of the report, and this is in regard to smoke helmets and safety lamps:

I venture to think that the laxity in the particulars mentioned above in requiring compliance with the regulations could only induce or encourage a similar laxity on the part of the owners and officers of the ship with respect to the vital matter of preparedness for fire.

Those words come at the end of the review of the various regulations and the failure to insist upon compliance with them. It indicates that the commissioner was clearly of the opinion that the failure to insist upon compliance with those regulations by the inspector and other officials had not only made possible a disaster of this kind but had actually induced or encouraged a similar laxity on the part of the owners and officers of the ship.

Let us see what happened to those concerned where there had been laxity. We had read into the records of the house the decision by the court that the captain of the ship lost his right to command that ship as a result of his laxity, and there can be no doubt about the measure of responsibility upon the shipowners and management, through the evidence of laxity there. But surely when the commissioner appointed by the minister to carry out the provisions of an act of this parliament, and to report to this parliament, says that the laxity of the government official actually induced or encouraged the laxity that was reported to the house, then I think we should have known that fact at the same time. But in any event, now that we know of it, we should insist that the laxity of the government official shall be dealt with with the same severity that was regarded as necessary for the prevention of similar accidents in other cases in the future.

We have a civil service of which we have every reason to be proud; but the standards of that civil service will not be maintained or elevated by any suggestion that civil servants are not subject to the same standards and the same tests of responsibility as are those whom they must instruct in the requirements under any act passed by this parliament. If under the laws passed by the parliament of Canada certain penalties are imposed upon others for laxity, then it will be in keeping with our attitude toward the standards of our civil service to make sure

that a similar attitude is adopted where laxity of this kind induced other laxity which produced tragedy such as that which occurred in this case. There was no mention of that matter in the report; but on December 3, some time after we were given the information, a Canadian Press dispatch was reported in the press. It gave no names of any people who had been dealt with but it stated:

> A transport department steamship inspection official has been reprimanded by transport minister Chevrier as a result of the *Noronic* fire, it was learned today.
>
> The official came before Mr. Chevrier who rebuked him for "laxity" in signing the certificate which allowed the vessel to ply lake waters.

I do not think that the laxity which the commissioner, Mr. Justice Kellock, said was a laxity that induced and encouraged the other laxity which resulted in tragedy is dealt with sufficiently by a rebuke.

Mr. Chevrier: May I inform my hon. friend immediately that, contrary to what is stated in the report read by my hon. friend, no inspector came before me nor was any inspector rebuked by me in connection with laxity.

Mr. Drew: From that do I take it that no action has been taken?

Mr. Chevrier: No.

Mr. Drew: Then I think that is exceedingly serious.

Mr. Chevrier: You may not take that from it. But when a report is read by an hon. gentleman in this chamber, and the report is not even anywhere near the truth, then surely the person who is alleged to have made it can say whether he made it or not. I repeat that on no occasion did there come before me an inspector of the steamship inspection branch of the department who was rebuked. I will deal with what was done when I reply; but that is the position with regard to the press release read by my hon. friend.

Mr. Drew: I think it would perhaps facilitate a discussion of this matter, Mr. Chairman, if the minister would say whether he has taken steps to deal with the laxity reported in this case.

Mr. Chevrier: I will deal with that in a moment, if I may.

Mr. Drew: If that is so, then I will defer my further remarks until I have heard what actually happened; because there is a report there by the commissioner which should have been placed before the house but which was not placed before the house in the summary that was read. We have the report, it is true; and on reading that report we find what the facts are. On the basis of the recommendations of the commissioner, I think it is quite clear that action in regard to the failure of the government official or officials to deal with this matter was clearly indicated, and I for one should like to hear what action was taken.

Mr. Chevrier: I think the committee will agree that a tragedy such as that which happened at the Canada Steamship Lines dock in the city of Toronto is one which is so serious that not the slightest attempt should be made by any hon. gentleman in the committee or elsewhere to make capital of it in any sense of the word. In saying that, I am not suggesting that that is what my hon. friend had in mind; in fact, I feel that such is not the case. But I wish to make the statement that the tragedy was of such a nature that we should approach both the report and the recommendations in the light of the evidence that came before the commissioner.

I think my hon. friend stated that, in the statement read to the house by the Minister of Trade and Commerce, while much was made of the laxity of the owners and the captain, nothing was said about the laxity of the steamship inspection. Am I correct in that?

Mr. Drew: What I said was that the laxity was duly reported in regard to the steamship owners and the captain but that, so far as I am aware, it is not in regard to the officials who dealt with them.

Mr. Chevrier: The report which I have before me, and which were the notes read by the Minister of Trade and Commerce—

Mr. Green: What date was that?

Mr. Chevrier: The exact date to which my hon. friend referred. The report contained a very express reference to steamship inspection. On the fourth page of the statement made by the Minister of Trade and Commerce I find these words:

> The commissioner expresses the opinion that the laxity of the inspection in requiring compliance with the regulations could only induce or encourage a similar laxity on the part of the owners and officers of the ship with respect to the vital matter of preparedness for fire.

My hon. friend says that there was no reference—or at least that is the purport that I took from his remarks—in the statement made by my colleague to the laxity of the officer in the division of steamship inspection.

Mr. Drew: There is no summary of the details in the report in that respect. There may be reasons for that. But I do want to point out that what I read was a reference

to the complacency which had descended—and which I said had obviously also occurred to the commissioner—upon the department, and that that should have been brought in in a balanced report which would clearly indicate the relationship—

Mr. Chevrier: There is clear reference to that in the statement made by the minister. In any event, the report was tabled in the house. The report is a lengthy one and evidently it would not be possible to make a statement covering all of the facts and all of the circumstances that were contained in it.

My hon. friend has dealt with some of the statements contained in the report and has read from some of the evidence in the report; but he omitted some that have a very material bearing. For instance, I refer to that part dealing with fire-resisting bulkheads, and the exemption which, under the regulations, the chairman of the steamship inspection board has the discretion to grant in a particular case. The report goes on to say that the regulation providing for fire-resisting bulkheads was made in 1939, and steamship inspection decided that it would not be practical to make the regulation retroactive to ships which were then in existence. That is a practice which exists not only in Canada but in the United States. I am informed it is the practice that exists all over the world. When new regulations are made dealing with technical changes of this importance, having to do with steamship inspection, rarely if ever are they made retroactive. Therefore, what the chairman of steamship inspection was doing on that particular occasion he was doing in conformity with what I am informed had been done in most countries of the world and in the United States.

Mr. Drew: Mr. Chairman, I do not want to interrupt, but what it says on page 10 is:

> As far as the *Noronic* is concerned, it was not impracticable, on the evidence, to install fire-resisting bulkheads in accordance with the regulations. It must therefore be assumed that the chairman considered that, from the standpoint of expense, it would be unreasonable to require compliance.

That is a very different reason.

Mr. Chevrier: Not at all. The point which I am making is that this regulation applied to ships other than the *Noronic*.

Mr. Drew: Oh, yes.

Mr. Chevrier: And ships in the same position as the *Noronic* in so far as putting that regulation into force was concerned. Notwithstanding that, they were exempted from the operation of that regulation, and they were exempted for the reason that I gave a moment ago. I am not going to say wisely, because of the recommendation made by the commissioner. But nonetheless the *Noronic* cannot be pointed out as being an exception, because all other similar passenger ships were exempted from that regulation.

My hon. friend went on to read from pages of the report concerning fire extinguishers and fire extinguishing equipment. May I draw to the attention of my hon. friend what the commissioner said at the end of the first paragraph on page 17. He said:

> In any event, it does not appear that the failure to extinguish the fire at a stage when that would have been possible, was due to any deficiency in the number of location of hydrants.

Dealing with the same subject the commissioner said at the end of the page:

> Again, it should be said, however, that non-compliance with this regulation did not prejudice the situation at the time of the fire.

He deals with the steamship inspector, the very inspector, the only inspector from the steamship division, who gave evidence as to the actual inspection of that ship. He condemns that inspector because of the fact that instead of going about the ship and examining the hydrants, the fire extinguishing equipment, the helmets, et cetera, the inspector collected them all on the deck, examined them there and gave a certificate just as if they had been examined on the spot.

In giving the report which he did I believe that the steamship inspector was not stating the facts as they were, and in that respect he was guilty of laxity. Let me tell my hon. friend that the commissioner deals with him and him alone because there was no other person who gave evidence on the actual examination, save and except another officer from steamship inspection who gave evidence on the regulations and who is not singled out in this particular report.

Dealing with the pumps and with the evidence of that inspector to whom I referred a moment ago the commissioner states at the bottom of page 19:

> It cannot be said, however, on the evidence before me, that the location of the pumps in breach of the regulation was the cause of this failure.

There is only one place in his report, and that is on page 20, where the commissioner refers to the laxity in the particulars above referred to as read by my hon. friend. The recommendations are there. They are too numerous to read at this time. They are there and can be read, but I do not want to take up the time of the committee unduly. They contain no recommendation in so far as the inspection division of the Department of Transport is concerned. They contain a number of other

recommendations; and here I can tell the committee that at no time did I ask Inspector Craig to come before me, nor did I reprimand him. What I did was to call before me the deputy chairman of the steamship inspection branch. I discussed with him the regulations and the recommendations. I indicated to him certain parts of the report, particularly that part on page 20, which had to do with laxity, and which was directed at one man and one man alone. I cannot for one moment concede that a conclusion based upon the evidence of one individual could be directed at other individuals who were not examined and who did not give evidence before the court of inquiry. So that the position I am taking and the point I am making now is that condemnation of the commissioner, in so far as laxity is concerned, is directed at one man, that individual who gave evidence on that occasion and who inspected the *Noronic*.

My information is that the inspector is a man of some years. I discussed with the deputy chairman of the steamship inspection board the question of his position. In view of the fact that the man is about to retire, and has reached the retiring age—in fact I believe he has gone beyond the retiring age—it was decided that no action would be taken by way of dismissal. But the contents of the report have not yet been fully considered in so far as the recommendations are concerned, because I have not yet come to the conclusion whether or not it will be necessary to bring in legislation, or whether or not this report can be implemented in another way.

In any event I can assure the house that no one realizes the seriousness of the position any more than my officials and I do. I have no hesitation in announcing that the recommendations of the commissioner will be put into effect just as quickly as that is possible, in order that tragedies of this sort or fires of this kind be not repeated in our country.

Mr. Drew: Mr. Chairman, no one will wish to see anyone suffer unnecessarily; but the finding is inescapable by the commissioner, on evidence which he regarded as adequate—and he is a most experienced judge—that the laxity in the various particulars which he mentioned, and to which I referred by quotations indicating the nature of the findings, could only induce or encourage similar laxity on the part of the owners and officers of the ship.

The fact that the minister has just explained that what occurred in connection with the *Noronic* was not an exception, but that similar situations existed in other ships as well, merely emphasizes that the necessity for inspection is one of the features emerging from this report, and that it is essential that in future there be certainty from the administrative point of view that the provisions for inspection and supervision shall be strictly adhered to.

While it is true that in one case there was a discretionary provision, there were other cases where certificates were given which really stated something which in one instance the witness knew nothing about or was not sure about, and in the other case the witness made a statement contrary to actual fact.

Those matters do require the most vigorous attention. Even without new statutory provisions, this report certainly emphasizes the necessity for the utmost vigour in dealing with this particular matter.

I wish to make it clear—and I believe the record of my remarks will bear this out—that I said I did not suggest that there was any misinterpretation of the actual finding, but that I would emphasize the complacency that had descended upon the management and those charged with the direction of the ship, and the fact also that it should have been brought home to us that such complacency had apparently existed at a point where it induced the possibility of a situation of this kind.

I have nothing further to add to these remarks, beyond saying that I welcome the assurance that the report will be acted upon. I do feel also that in cases of this kind, where human life is possibly in jeopardy if the regulations are not complied with, the most severe standards should be required from those whose actions will determine the actions of those whose activities are inspected.

Mr. Green: While this disaster occurred on the great lakes, it has been one of great concern to people on the west coast, because we travel extensively by ship. I am greatly concerned about the minister's statement to the effect that when these new regulations to ensure safety become operative they are not to be made applicable to ships already built. If that rule is strictly followed it means that only those ships built after the time the regulations come into effect will be subject to these safety measures.

It is obvious from the *Noronic* disaster that if that ship had been forced to comply with the new regulations there would have been no tragedy. Had the regulations been made to apply to the ships already plying the great lakes it is not likely the tragedy would have occurred. I hope the department will not take the stand that safety regulations enacted in the future need not apply to ships already in operation. Certainly these safety measures

should be made to apply to all ships. I should like to have some further word from the minister on that point.

The Minister of Trade and Commerce, when he made his statement, indicated that there would be some sort of investigation into the question of whether there should be amendments to the Canada Shipping Act and other legislation, and whether changes should be made in the regulations. Will the Minister of Transport tell us what steps are being taken to investigate those two points? Is there some body within his department reviewing the statutes and regulations, or is there to be some body outside the Department of Transport? Will representations be heard from the various bodies across the country which are interested in the safety of ships at sea? If there is some group, departmental or otherwise, investigating the act and the regulations, provision should be made for representations from across the country.

Mr. Chevrier: Dealing first with that part of my hon. friend's remarks which dealt with ships on the Pacific coast, my reply would be that our steamship inspection service following this report has been given instructions to make a complete investigation of all ships on the west coast, for safety purposes, and to make sure that the steamship inspection regulations are enforced. That is being done at the moment. Part of it has been done this week and the rest of it will be done early next week. My hon. friend has said that if the regulations with regard to fire-resistant bulkheads had been put into force there would have been no fire.

Mr. Green: I did not deal with any specific regulation. It seemed to me that if the regulations as they existed had been enforced with respect to the *Noronic*, even though she had been built before some of the regulations came into effect, it is quite probable there would have been no disaster. I am hitting at the failure to make the regulations apply to a ship built before they were brought in.

Mr. Chevrier: That is a difficult thing to say; that is conjecture.

Mr. Green: I realize that.

Mr. Chevrier: One cannot say whether there would or would not have been a disaster, particularly when one is dealing with an act of God. One never knows when an act of God is going to occur, or under what circumstances or conditions. I venture to say, although this is also conjecture, that if this tragedy had taken place at sea the position would have been infinitely better. However, I do not want to get into a long discussion.

My hon. friend asked whether these regulations or the legislation would be made retroactive. The regulation with regard to fire-resistant bulkheads on passenger ships has been in existence since 1939, but all passenger ships in the class of the *Noronic* were exempted at the discretion of the steamship inspection service. The commissioner recommends that fire-resistant bulkheads be installed in ships so that—

Mr. Green: Even in the older ships.

Mr. Chevrier: Even in the older ships. If we carry out that recommendation it would meet the point raised by my hon. friend. With reference to changes in the Canada Shipping Act, there is a departmental committee which deals with changes to be made from time to time in the act. That committee will deal with these recommendations and any other changes that are likely to be made. It will consult from time to time with public bodies as to the necessity of making changes.

Mr. Green: Will an opportunity be given to make recommendations to that committee?

Mr. Chevrier: I would not say that. I remember the difficulty we got into with the C.S.U. when we amended the regulations before, but I will say that that committee will consult those who are interested, the shipowners and others.

Mr. Gibson (Comox-Alberni): In changing the regulations the government should be careful that it is not starting on a witch-hunt. There are certain inherent risks in connection with travel by sea, air or rail. If changes are to be made in the regulation so that the older ships must instal fire-resistant bulkheads, I am sure that would be desirable but these things should be economical as well. Unless the fare-paying passengers are prepared to pay substantially higher rates, they will either go without steamship services or be ready to permit a degree of latitude to some operators.

Mr. Chevrier: I am glad the hon. member brought up that point. It has always been a fact in the Department of Transport that more requests are received for relaxing the regulations than for tightening them up; in fact I would say the ratio is almost 95 per cent to five in favour of relaxing the regulations. Because of this tragedy I do not think there is any other conclusion we can come to but that these will have to be enforced. However, this would apply only to passenger ships and in so far as they are concerned I do not think it will be too much of a hardship.

Mr. Green: It is only natural that there would be more representations for relaxing the regulations because they would come from those who are operating the ships. The

passenger whose life is endangered because the regulations are not enforced is not in position to make representations to the minister. The people who have to travel on these ships have no way of knowing what the regulations are. The first thing they know there is a fire, a wreck occurs or there is carelessness of some kind which costs them their lives. After all, these regulations were not designed to help the operators; they were designed to save lives. I do hope that the minister and his department will see that proper regulations are prepared and that there is a careful official inspection of these ships.

Mr. Noseworthy: The minister has referred to certain items in the report to indicate that the laxity of inspection in connection with the *Noronic* did not contribute to the disaster. There are a number of places in the report where that statement is made. I should like to direct attention to a paragraph on page 20 which deals with the question of laxity of inspection and non-compliance with the regulations.

I doubt if the minister or anyone else can estimate the extent to which the laxity of inspection which is quite evident from this report actually did contribute to the disaster that befell this ship. I have read the report carefully and have discussed it with a number of seamen sailing the great lakes. I agree with them when they say that, as far as the inspection reported here is concerned, the inspector referred to might just as well have been hired and paid by the shipowners. There is every indication here that the only persons being considered in that inspection were the shipowners. The inspection of pumps and fire hose and extinguishers, the enforcement of the regulations with regard to fire-resistant bulkheads and fire patrols, all seemed to be made in the interest of the shipowners.

I am sure many people in this country would feel much happier if they knew that these regulations and the whole matter of inspection were going to be tightened up.

Mr. Higgins: A short time ago I asked the minister a question with regard to the regulations governing the number of people to be carried from Port aux Basques to Sydney and from Sydney to Port aux Basques. If new regulations have been enacted I shall have no more to say about this.

Mr. Chevrier: I am informed that there is no difference in the regulations governing traffic one way or the other.

Mr. Higgins: If you will bear with me for a couple of minutes, may I say in that case the situation cannot have changed. I made a trip up here on the 8th of September, and I do not mind going back tomorrow or the next day, but certainly if I have to come back again, as I likely will in the early months of the coming year, I am a little bit anxious about it. The situation is that there is a definite load limit on the boats for passengers from North Sydney to Port aux Basques, but the men on the ships tell me that there is no limit from Port aux Basques to North Sydney. I have seen people lying on the floor of the saloon and in the passageways. I have seen them seasick, and it is a most unpleasant sight. Not only is it unpleasant; the situation is definitely unsafe, and the officers of the ships are worried.

There is not sufficient lifeboat accommodation, and I am quite certain there would be a real tragedy if by any chance anything happened. I am not prepared to say who would be responsible. I merely draw the matter to your attention again. I think it is a most serious situation. I am not altogether speaking without some knowledge of it. As I informed the house before, I happen to be associated with the union that mans these ships, and the men and the masters are most worried about it. I feel that precautions should be taken as quickly as possible. I am sure the minister knows the matter to which I am referring.

Mr. Chevrier: I am glad my hon. friend has brought the situation to my attention. It is a matter of importance, and I will see that Canadian National Railways, who operate the service, are advised of it immediately.

Mr. Higgins: There is one other matter. It is rather difficult to try to talk about freight rates in Newfoundland when you are using ships and railways.

Mr. Chevrier: May I remind the hon. member there are two items dealing specifically with freight rates.

Mr. Higgins: We can do that afterwards.

Mr. Chevrier: Yes, if he will allow this item to pass.

Mr. Higgins: I have two further questions which I am sure will not be controversial. I believe the minister will be able to answer them very readily under this item. What is the position as to the Clarenville boats? May we have a statement as to the question of future ownership? Does the C.N.R. propose to take them over? Primarily I am concerned in the one instance with the fact that the men who man these boats have been told they are not entitled to be regarded as pensionable. In other words, the boats are looked upon as being the property of the provincial government. They are operated by the C.N.R., and

the men on the boats have been told they will not be pensioned because they are not entitled to be regarded as members of the C.N.R. organization.

Mr. Chevrier: I can tell the hon. gentleman that the Clarenville boats, as already stated, are the property of the Newfoundland government. The dominion government has no intention of purchasing them. The Canadian National Railways operate one or two, or perhaps three, on a management fee basis for the government of Newfoundland, and so far as I know they do not intend to buy them.

Item agreed to.

462. Nautical service administration, $490,670.

Mr. Green: Item 462 deals with the nautical service, and under that branch of the department training is given to merchant seamen. The branch also arranges for the distribution of war medals and memorial crosses to dependent relatives of merchant seamen who have lost their lives. Earlier in the session we had a discussion, in which both the Minister of Transport and the Minister of Veterans Affairs were involved, concerning the present provision for vocational training for merchant seamen. As the order in council reads at the present time, the only men who were able to qualify were those who were under thirty years of age, and applications had to be made by the end of June of this year.

It has been pointed out that there were a great many men who were unable to qualify. As a matter of fact, I asked a question earlier in the session and received the reply that out of 770 applications which had been made only 321, less than half, had been able to qualify for training. I have no intention of going over the merits of the request for changed regulations. Both ministers know the picture.

When we were discussing the matter before I understood that active consideration was then being given to introducing an amendment to the order in council in order that more of these men might qualify. I think some of us urged that the age limit should be withdrawn. Each case has to be dealt with separately; in any event, there is wide discretion as to whether or not training should be given. We also urged that the deadline for applications should be lifted. I believe the Department of Veterans Affairs is so organized and equipped that it could carry on more extended vocational training. I should like to ask the Minister of Transport whether any change is to be made in the order in council.

Mr. Chevrier: Mr. Chairman, there are two points involved. First there is a group of merchant seamen who were cut off because they did not make their applications within the specified time. Consideration has been given to that point. There is also the other point that too many merchant seamen, because of the strict interpretation of the order, were being deprived of vocational training.

Mr. Green: There was also the question of age.

Mr. Chevrier: That includes age. I may tell my hon. friend, and the hon. member for Vancouver East who is interested in the question and who raised it one night together with the hon. member for Vancouver-Quadra, that the Minister of Veterans Affairs and I have consulted and have agreed on the necessity of some action being taken, but the matter has not yet been brought to the attention of our colleagues. I am hopeful that it will, but that is all I can say at the moment.

Mr. Green: I am very glad to get that word from the minister. I should like to point out that the report of the Canadian maritime commission recommends a further drastic reduction in the Canadian merchant marine, which means there will be jobs at sea for fewer men, and consequently all the more need for vocational training.

Mr. Chevrier: The matter is being carefully considered.

Mr. Higgins: I want to ask the minister again whether there is any possibility whatsoever of Newfoundland merchant seamen who served in war zones being brought within the class of people who received the 10 per cent bonus. The only reason given for not doing so is that they were not in the manning pool at the time. Newfoundland war veterans have received the same benefits as other Canadian war veterans. In fact the new province received all the benefits given any of the older provinces of Canada, except in this one instance. These men served in the same waters, endured the same hardships and certainly paid with their lives in the same way, but merely because they were not in the manning pool they did not receive the same benefits. Is there any chance of ameliorating that ruling, if there is a ruling?

Mr. Chevrier: The two bonuses my hon. friend refers to were applicable to a group of seamen who joined the merchant navy under certain circumstances during the war. Unless those bonuses, the effective date of which has expired, were made retroactive

they could not be applied to Newfoundland seamen. Any future order of course would take them in; but while I could give the matter consideration I would have little hope that those orders could be made retroactive.

Mr. Higgins: Would the minister give the matter serious consideration, because the situation arose only because they were not in the manning pool?

Mr. Chevrier: I will.

Item agreed to.

469. Administration of pilotage, including authority for temporary recoverable advances; contributions, and the operation and maintenance, as required, of necessary pilot vessels in certain pilotage districts, $270,965.

Mr. McLure: I have just one question. Does the marine office at Ottawa have jurisdiction over pilotage or over the pilots at the port of Charlottetown? There have always been disputes there between the pilots and the ships they pilot.

Mr. Chevrier: No, the Ottawa office has no jurisdiction over that group of pilots. They are under their own pilotage association.

Item agreed to.

470. Life saving service including rewards for saving life (revote $129,240), $404,710.

Mr. Higgins: Some time ago the minister gave a brief statement on the possible co-ordination of the life saving services. I wonder if he is in a position to say anything further in that connection.

Mr. Chevrier: I covered the matter very fully on one occasion, and I do not think I can add anything at this time.

Item agreed to.

471. To provide subsidies for wrecking plants—Quebec and British Columbia, $65,000.

Mr. Green: Will the minister state to which companies these payments are made, and in what amounts?

Mr. Chevrier: There are two companies, one in Quebec and one in British Columbia. The Quebec company receives $40,000 and the British Columbia company $25,000.

Mr. Green: What are the names of the companies?

Mr. Chevrier: The Pacific Salvage and Wrecking Company and the Quebec Salvage and Wrecking Company Limited.

Item agreed to.

[Mr Chevrier.]

473. Miscellaneous services relating to navigation and shipping, including grants as detailed in the estimates; and provision to settle claims by the board of trade, London, England, for expenses incurred, in respect of Canadian distressed seamen of British ships registered out of Canada, $106,207.

Mr. Higgins: Does item 718 in the supplementary estimates correspond with this item; and if it does, what does it entail?

Mr. Chevrier: The Newfoundland estimate is in addition to this.

Item agreed to.

478. To provide towards the construction of a service vessel for the eastern Arctic patrol (estimated cost $2,400,000)—capital (revote $825,000), $2,100,000.

Mr. Green: Will the minister explain this vote?

Mr. Chevrier: This is for the construction of the eastern Arctic patrol vessel, the contract for which was given to Davie Shipbuilding at Lauzon, Quebec. The ship has been launched, and it is expected that it will be ready for operation early next month.

Mr. Green: Does that ship patrol into Hudson bay or is it for the north Atlantic?

Mr. Chevrier: Both the east coast and into the Hudson bay area.

Item agreed to.

480. To provide towards the construction of a lightship for the port of Saint John, N.B. (estimated cost $741,850)—capital (revote $520,000), $681,000.

Mr. McLure: When is it expected that this lightship for the port of Saint John will be completed, and who were the contractors?

Mr. Chevrier: It has been launched and will be in operation by May, 1950. The contractors are Vickers in Montreal.

Item agreed to.

Railway Service—

483. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $64,000.

Mr. Knowles: Can the minister tell us what is the policy and practice with respect to these official railway cars? What does this $64,000 cover? Who pays for hauling the cars, if anyone; and such other information as the minister probably has on his desk just waiting to give us.

Mr. Chevrier: This item concerns five cars, two of which are used by His Excellency the Governor General, one by the Prime Minister, one by the Minister of Transport, and the other for all other ministers. The total of $64,000 is made up of salaries, $15,000; repairs and upkeep of the equipment, $40,000; materials and supplies, $4,000, and sundries,

$4,300. This is the usual item that appears in the estimates of the Department of Transport; and as far as hauling charges are concerned, there are none.

Item agreed to.

484. Hudson Bay railway—construction and improvements—capital (revote $80,000), $168,000.

Mr. Bater: I should like to take just a moment to say that I think it is in the national interest that the greatest possible use should continue to be made of the port of Churchill and the Hudson Bay railway. On a previous occasion I have mentioned the cattle that might be shipped through that port, and now I should like to read a letter in that connection. The reason I mention this is that, as I said previously, we would like to see some provision made at The Pas by way of stockyards and feeding facilities so that cattle coming from Great Britain could be held there in quarantine. Recently I received this letter from the North Battleford board of trade.

Dear Mr. Bater:

We are in receipt of and thank you for your letter of November 25, with which you enclosed a copy of a letter you had addressed to Mr. P. J. Ibbotson, with regard to the establishment of a quarantine station for imported cattle, preferably at The Pas.

We believe Mr. Ibbotson has already left for Great Britain. It is our understanding that his intention is to import two carloads of registered Shorthorn cattle as the initial shipment, and that if this turns out to his satisfaction in all probability he will continue to import cattle.

It would, of course, greatly help the business if facilities were provided so that he could ship via Churchill.

I might add that if cattle could be brought from Scotland to Saskatchewan by this route it would shorten their trip by some 1,200 miles.

The Deputy Chairman: Shall the item carry?

Some hon. Members: Six o'clock.

The Deputy Chairman: We might finish the items relating to railway service, if the committee is agreeable.

Mr. Wright: I have a few words to say on this Hudson Bay railway item, but it is now six o'clock.

At six o'clock the committee took recess.

AFTER RECESS

The committee resumed at eight o'clock.

Mr. Coldwell: Just before we go on with item 484, may I ask the minister a question which may be a little bit off the Hudson Bay railway. Last year I noticed that Premier Duplessis had announced that a railway would be constructed immediately—I think according to the newspaper report it was August 14, 1948—from a place called Havre St. Pierre opposite Anticosti island north to Allard lake. No application has come here for any rights or charter. I was wondering just what this railway was, what it is being built for and by whom.

Mr. Chevrier: That railway is being built for the purpose of a company known as the Kennecott Copper Company. Deposits of copper have been found in that area. The railway is twenty-seven miles long. The contract has been let to Fraser-Brace and it is purely a provincial railway.

Mr. Coldwell: Is construction taking place?

Mr Chevrier: I think it is almost complete.

Mr. Helme: In the house from time to time, in discussing the Hudson Bay railway, figures of 25 million to 40 million bushels have been mentioned as being tributary to that railway. I think all we have to do is to have a good look at the map of the west, and we will be inclined to think that all of the wheat in the province of Saskatchewan is tributary to the Hudson Bay railroad. I wonder if what is meant when the figure of 25 million bushels is mentioned is that that would be a goal at which to strive with regard to handling grain through the Hudson bay.

The season is short up there, we admit; but a couple of years ago I had occasion to talk to Mr. Peter Dalgleish, who is managing director of Dalgleish shipping lines, and he was of the opinion that the season might be lengthened quite a little bit with the help of an icebreaker in clearing ice from the mouth of the Churchill river and away from the elevators at the start of the season and also when the ice was beginning to form at the closing of the season. I should like the minister to give some attention to that suggestion. This afternoon we heard that an icebreaker was being built for use on the Atlantic coast and also for Hudson bay. I would think that in what might be considered the slack time for that icebreaker on the Atlantic and on the Hudson bay itself, it might well be used in helping to clear the ice from the port of Churchill.

Mr. Chevrier: All I can say is that the amount of wheat which was transported over the Hudson Bay railway this year amounted to 5,730,000 bushels. The railway is being used to fairly good capacity. There are some people who think that 25 million bushels should be carried by the railway. I do not know whether or not that can be done. I

am not in a position to say. But we are hopeful that more than the amount carried this year will be carried in the future.

As to extending the season of navigation, the position is that the season is about twelve to thirteen weeks in length and the question of providing an icebreaker in that area is one that has been given consideration from time to time; but I doubt whether it would be practical to use an icebreaker in the area. The department has been helpful through its national harbours board and through the Canadian National Railways, in assisting the Hudson Bay railway and particularly by reducing the insurance rates by about 25 per cent.

Mr. Helme: I think the facilities there can be extended to handle much more than 5 million or six million bushels. I was glad to hear the minister say that he has the same hopes as I have.

Mr. Knight: The progress of the Hudson Bay railway has been slow, at least in the eyes of those of us from the west who have been anxious to promote its use. The minister has heard my opinions on the subject on many previous occasions and I do not propose to make a speech now about the whole matter; but I should like to put before the committee and before him one or two ideas I have with regard to it.

I think that probably a good deal of the trouble is apathy on the part of many people and perhaps hostility on the part of a few. I do not make that latter statement rashly. I have been actively interested in this matter for five years and passively interested previous to that for a number of years. I know something about the problem. I have been up at the port. I have talked to the manager, to many people along the line, and to residents of Churchill itself. I do not like to say this, but I must do so. There is a persistent feeling—whether it be right or wrong—among the people in those areas which the railway might well serve, that there is somehow antagonism here in the east. I know I shall be accused of talking about the big interests and that sort of thing. I want to be reasonable in the matter, but it is true that most of our business operations, both financial and otherwise, are concentrated here in the east. Even in the matter of longshoremen who handle the grain for a few weeks when that port is open, these men are imported in some cases from the port of Montreal. Perhaps that is natural enough, because where you want to engage trained men, you must go to the place where the men are trained. I shall say no more about the matter, but that is a persistent feeling in the west; and it is well that the government should know it.

I think one of the greatest disadvantages the port has to contend with is the fact that the marine insurance rate is too high. The insurance people are the last ones you would expect to do anything much about this matter because they can insure the cargoes for the present rate. It is not big business and naturally you would not expect them to get excited about lowering that rate. But there is no doubt in my mind, after making an exhaustive study of the matter, that that rate could be lowered. There are really three seasons in Churchill; I will not go into particulars, but one of the seasons is the season which exists in the minds of those insurance people. To my mind that season is much too short. I talked to a captain up there the last time I was at Churchill and he told me that in beautiful weather, in a calm sea with the sun shining, they lay for two days outside the borderline, wherever that is, whatever strait it is, at the mouth of the bay, and he said: We might just as well have been sailing in there, but we could not do so because we knew that if we did we would not be covered by insurance. He told me also that frequently there was a week or ten days after the insurance rate was removed that the port could have been used. I suggest, as I have suggested before in this chamber, that there should not be a fixed season in that particular case; I suggest that in this day and age, with our modern methods of predicting the weather, surely there could be a variation by which these dates could be settled, that the length of this season should not be inflexible as it is at the present time.

Another difficulty of course is storage of wheat in position, and when I say "in position" I mean in such position that such wheat could be profitably shipped out of that port. I know the situation was difficult during the war and since the war because there has been a tremendous demand for wheat. There has been a shortage of wheat and there has often been a necessity to get wheat out within certain time limits in order to meet certain contracts or to receive a certain price. But I suggest that perhaps, unfortunately, from what we have been hearing of late, that day seems to be past. I hope that if it is an ill wind, it will at least blow good to the port of Churchill and that from now on that position may be improved. At various times I have raised the matter of storage. It is a hard question about which to get information, but I am interested in it. We as a nation, or the wheat board if you like, must store wheat some place, and it does store wheat some place at almost all times of the year. It seems to me that there should be some way of storing it at Churchill. Of course the Churchill elevator holds only 2,500,000 bushels. I am

often amused by papers I see in the east. "Oh dear me", they say, " we could not store two and a half million bushels. Just think of keeping two and a half million bushels of wheat idle up there all that time." Think of what a small proportion the two and a half million bushels is to the immense wheat crop of this country. After all, it is only a drop in the bucket.

Then we have a great storage elevator built by the government and standing there in Saskatoon with a capacity of five and a half million bushels, none of which is ever used. I should not say "none". There are a few bushels of wheat in it; it may be a thousand or two but what is that compared to the five and a half million capacity? The only thing that I know that elevator has been good for in the last few years is that it has been used to store a few thousand bushels of rapeseed. It was held in that position so that it could be pressed for oil at the local wheat pool oil plant. I have suggested to the minister that flax might well have been stored there instead of being stored in the terminal elevators down here in the east, because there was a time when that small oil mill had to shut down because there was no flax there to be processed. At the same time there was lots of flax lying idle in the east upon which storage was being paid in these eastern elevators.

The storage of wheat is one of the difficulties of the situation, and I have suggested at least some remedy. Another tremendous difficulty—and I am not a grain man; I fail to understand this—is this diversion charge. The diversion charge is one of the most ridiculous things of which I have ever heard. The minister can correct me but I think it is 2½ cents a bushel that we are charged in dealing with that wheat. What is a diversion charge? I am none too clear on it myself, but as far as I have discovered it appears to be a fee which is paid to certain grain companies for not handling wheat. In other words, if they had not the privilege of handling and storing that particular wheat then there is an assessment of 2½ cents a bushel put against the wheat which is not so handled. That seems to me to be a ridiculous situation.

There are a great many people in my part of the country—and I think it includes all of the farmers in northern Saskatchewan—who are tremendously interested in this road and in the port. They look on it as their own road. Let me say here that you see various wild statements in the press that this white elephant thing was built at national expense. It was no such thing. It was built at the expense of the western provinces. They look upon it as their own road. They are interested in it and they would like a little co-operation in making it a success. Great Britain has benefited from this route perhaps more than anybody else of recent years. As a nation Great Britain has benefited to the extent that she has been able to get wheat shipped out from Hudson bay. I think that helps our position in the British competitive market; and, if reports about our trade are true, assistance in that particular competitive market could be to our advantage some of these days.

This deficit, which is costing the taxpayers of this country money, is a thing in which business people in all parts of the country should be interested, one in which the taxpayers should be interested. The estimate calls for $50 million to square the deficit. This deficit, which must be met by the taxpayers, has been caused simply by one thing, namely, a lack of volume. I have a statement from the management of the port. I have statements from people in the grain trade. They estimate that a volume of fifteen million bushels would take care of the deficit. It would not make any profit, but it would mean that the taxpayers of the country would not have anything to pay in respect of this route.

I have pleaded that just once we ought to be able to get that much grain over this road and through this port in order to decide what is the value of this route. I have urged that business be sought for this road. I am afraid that I have always had the suspicion, held by many people in our part of the country, that business is not so sought. I have appealed to the minister that the railway might drum up some business. The Minister of Transport has told me that it is neither his business nor the railway's; that it is a matter for business institutions, and so forth. Still the minister has assured us that he was benevolent to the Churchill route, and I believe perhaps he still is. Yet we have not had the results that some of us would have desired, and which I think we might have expected. I will say this, that if there had been any interest in this country, if the Canadian National Railways had done the same amount of work in drumming up business as, for instance, the Dalgleish Shipping Company, which has shipped out most of the wheat from that port and shipped in most of the goods, if there had been some agencies in this country that had been working for the promotion of that port and road to the same extent that Mr. Dalgleish's company has, this thing would have been on a solid footing long before now.

I am aware of the influence that the wheat board has in this particular matter; I am

aware of the influence that the Minister of Trade and Commerce could have in this particular matter; and I am aware of the influence that the Minister of Transport could have. He will probably say that I am attributing to him powers which he has not. However, that is my own opinion on the matter.

As I said when I began, I do not want to go into the whole matter in detail, but our people out there want to see that road a success. They are interested in it. They believe that it could be made a success if there were the proper co-operation between all the people who should be concerned in it.

Mr. Wright: I should like to say a few words on this particular matter. This is rather amusing for me, after having been here for eleven sessions and hearing every year this discussion on the Hudson Bay railway and the promises of the minister and the government that they are going to see what can be done about it. It may be new to some of the other members from northern Saskatchewan who are here for the first time, but it certainly is not a new story in this house. In 1946 there was a resolution before the house on which the house voted by an overwhelming majority, asking the government to make greater use of this port.

After hearing this debate, after visiting the port, after living in that part of the province, it seems to me that this government is responsible. Through the harbours board they control the port of Churchill. Through the Hudson Bay railway and the Canadian National Railways they control the railways going to that port, and through the wheat board they control the main product which can be shipped through that port. Therefore they should have some influence on the insurance rates into that port. Therefore the responsibility lies here with this government as to whether that port is to be developed or not. If they see fit it can be developed. If they exhibit the same apathy that they have in the past then the port will remain in the same state as it has been during the last number of years.

With the facilities there the port could handle at least twenty or twenty-five million bushels of grain even during the present season, if it were placed in a position where it could be moved into the port at the proper time. The Hudson Bay railway will only be a paying proposition when this government, through their various government agencies, make up their minds that they are going to develop the port. Through the Canadian National Railways there is the possibility of building feeder lines to Hudson Bay. A new mining area has opened up in the Loon lake district, north of Flin Flon, where there is a large body of ore which, when developed, could be moved out through Hudson bay. There are several branch lines in northern Saskatchewan. I refer particularly to the one which ends at Arborfield and another which ends at Carrot river which can be connected up with the Hudson Bay railway at Le Pas in Manitoba, and make that railway a paying proposition. In my opinion it is entirely up to this government to decide whether that is done or not, or whether it is going to continue to pay deficits on that road as has been the custom in the past few years.

Mr. Blackmore: May I add a voice from Alberta in support of the Hudson Bay railway. I believe the success of that railway is pretty well covered by the old saying that where there's a will there's a way. I hope that before too long the government will acquire a very definite will, and will find a way to make this a success. In western Canada there is a desire that this railway should succeed, and I believe it can be made a success. I ask that it be made so.

Item agreed to.

486. Prince Edward Island car ferry and terminals, construction and improvement of terminal facilities, capital (revote $1,372,000), $1,400,000.

Mr. McLure: This item deals with the chief means of transportation between Prince Edward Island and the mainland. There appears to be a decrease in the amount of the vote. I do not believe the terminals are completed yet, but I am glad to see the work has been progressing satisfactorily. I have not troubled the minister very much about "reefer" cars this session, but I may say that in view of the reports I have been receiving I hope he will continue to keep the supply of reefer cars right through the shipping season.

When the terminals are completed I suggest the next thing the minister will have to consider is the matter of an auxiliary wharf or an auxiliary boat to help the present boat, the *Abegweit,* take care of the freight and the transportation of cars. In view of the interest the minister has taken in our transportation problem, I am sure that, if this is properly presented to him, before another year we will have an auxiliary boat to take care of the extra traffic on the Borden ferry service.

If he has time I should like him to speak briefly tonight with reference to the completion of the terminals and the work the ferry has been doing. While I have not the report for November, I find that in October the ferry carried 2,780 carloads of freight to and from Prince Edward Island. It is of great advantage to the Canadian National Railways to have the long haul on most of the freight to and from Prince Edward Island. Would the

minister state what the government intends to do in the future in connection with the terminals at Borden and Tormentine?

Mr. Chevrier: I am happy to tell the hon. member that, in so far as this vote is concerned, the contract has been completed to the extent of almost 95 per cent, and it is expected it will be fully completed some time in the spring. There are about five small items remaining to be done. I can assure the hon. member that the department and the Canadian National Railways are fully conversant with this transportation problem, and that is one of the reasons which led to the construction of the *Abegweit*. I can tell the hon. member that the transportation problems of Prince Edward Island will be carefully looked into.

Item agreed to.

487. Strait of Canso, transportation improvements and facilities, capital (revote), $500,000.

Mr. Chevrier: I promised the hon. member for Cape Breton South to make a statement on this item, and I shall proceed to give him the brief statement I have before me. As to the present position of the contract at the Strait of Canso, let me point out that on March 12, 1949, the government gave a contract to Foundation Maritime Limited for eight diamond drill borings across the strait of Canso, and on and around the proposed bridge site. This contract was completed in September of this year. The engineer in charge of the Canso bridge, Dr. P. L. Pratley, has reported that in place of the anticipated almost bare rock he found an overburden which was considerably heavy and almost 8 feet in the centre of the channel, and since the completion of the contract by Foundation Maritime Limited the engineer in charge is preparing plans and specifications for the calling of tenders for the construction of piers and the bridge itself.

It must be realized that for a project of this nature there are very many technical problems which must be solved before calling for tenders. For example, the province of Nova Scotia, which is keenly interested, must be consulted in so far as the ownership of the riverbed is concerned. And then there must be co-ordination of the work, new topographic maps must be completed, triangulation has to be completed, piers and abutments must be looked into. But the co-ordination of the work is in the hands of the engineer in charge with the Canadian National Railways and the Department of Highways of the province of Nova Scotia for the approaches to the bridge.

The last report I have from Dr. Pratley indicates that the preparatory work for all this which I have mentioned is progressing satisfactorily, and that he still hopes to be in a position to call for tenders some time in March of next year.

Mr. Gillis: This item makes an appropriation of $500,000 to improve transportation facilities at the strait of Canso. The minister's statement indicates that the department has the intention of going ahead with the project. However, this bridge was going to cost $13 million, and there is no estimate so far as I can see either here or in those of the Department of Public Works to carry on that work. Would the minister clear up that point?

Mr. Chevrier: The vote now in the estimates is to cover these surveys. The amount for the construction of the bridge will be in the main estimates of next year.

Mr. Gillis: That is rather disappointing.

Mr. Chevrier: Let me point out that even if there were $5 million in the estimates it could not possibly be spent between now and the end of this fiscal year.

Mr. Gillis: I am not going to get into any argument with the minister about it, because I imagine he is doing the best he can. However, the only assurance we have thus far is that they have completed the borings and anticipate no difficulty. I think we had that assurance at least a year ago. I thought that angle of the work was completed. It was my understanding that the $100,000 contract let to Foundation Maritime Limited was for the purpose of completing the test piers, that the test piers were in, and that that particular line of work was finished. The preliminary work outlined by the minister will cost more than the amount in this vote. It is disappointing to the maritime provinces, where there is and has been since the end of the war a serious unemployment problem. The last figures we have show that there are approximately 23,000 unemployed registered and many of them are in that area. There has been keen interest in Nova Scotia in this bridge during the last couple of years and everyone was of the opinion that the preliminary work had been done. They were hoping that early this spring this project would be started and would help to relieve the present unemployment.

It is not encouraging to learn that this work is merely in the exploration stage and that next year another appropriation will have to be passed. We are not going forward with this thing in the way I anticipated after hearing the statements that were made in this house and during the last election campaign. I am not satisfied. I think that

this is merely a palliative to take the edge off a bad let-down. The province of Nova Scotia will be financially interested in this project and it appears to me now that a lot of the ballyhoo we heard—I hope I am wrong about this—

Mr. Chevrier: You certainly are.

Mr. Gillis: —in the last six or eight years in regard to this bridge is just that. I am disappointed that something more definite cannot be given to us and that there are not more realistic plans for the going forward with this project so that it may be commenced next spring.

Mr. Chevrier: I am sorry my hon. friend is not satisfied, but let me tell him that the report on the Canso bridge was tabled in the house in March. That contained a specific recommendation that a special contract for borings should be let. If my hon. friend looks at page 39 of that report, of which he has a copy, he will find that recommendation set out and that is what is to be done under this item.

My hon. friend says that this is a palliative, that we have no intention of going on. Let me tell him that when the government makes a statement, as a rule it carries out its undertaking. There was a statement made in this house following the establishment of the board of engineers which was concurred in by the government of Nova Scotia to the effect that Dr. Pratley had been selected as the engineer and it was intended to proceed as quickly as we could.

It was discovered that until test borings had been made it would be impossible to get a bid from any contractor. Let it not be forgotten that this report takes issue with the recommendations of some of the previous engineers with reference to the depth of water and the difficulties surrounding the bridging of the strait of Canso. I can assure my hon. friend that there is not the slightest intention of backing away from this project and I do not think anyone knows it better than himself.

Mr. Gillis: Far be it from me to offend the minister because I believe that he believes everything he says. As far as reports are concerned, may I say that I have read a good one that was made in 1906. That report was tabled by the government, paid for by the government and apparently accepted by the government. I have followed this matter quite closely. As far as test borings are concerned, may I say to the minister that there were borings long before that report was brought in. A total of $100,000 has been spent to find out how deep the water is, and now we are boring some more. I thought the test bores had all been made but apparently they are still being made. I am going to keep on boring here until this bridge is completed.

Mr. Black (Cumberland): All the people are of one mind about this matter, they want this bridge built. I can understand the hon. member for Cape Breton South feeling sceptical along with a good many people in Nova Scotia. Personally I am going to accept the statement made by the minister that the government are going ahead with the construction of this long waited for and greatly needed bridge.

I was a little uneasy at what the minister said with regard to the results of the borings and I gather that the engineer in charge confirms his previous finding that the construction of this bridge is practical and he is prepared to go ahead with the construction. Am I to understand that contracts will be called for this season and construction proceeded with?

Mr. Chevrier: That is right.

Mr. McLure: This bridge over the strait of Canso is said to be for the benefit of the maritime provinces. We in Prince Edward Island are almost as much interested in it as the hon. member for Cape Breton South. With our own ferry service and this bridge we hope to be able to share in the $1 million per week paid out in wages in Cape Breton by supplying foodstuffs from the best producing province in Canada, Prince Edward Island. I am ready to accept the pledge of the minister given in this house about a year ago that the Canso strait would be crossed in the interests of the maritime provinces. I can quite understand why borings will have to be made before this work can be proceeded with but I am sure that the Minister of Transport will see that this bridge is built in the interests, not only of Cape Breton and Nova Scotia but of the maritimes generally.

Item agreed to.

Maritime Freight Rates Act—

488. To hereby authorize and provide for the payment from time to time during the fiscal year 1949-50 to the Canadian National Railway Company of the difference (estimated by the Canadian National Railway Company and certified by the auditors of the said company to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the calendar year 1949 under the tariffs approved on the eastern lines (as referred to in section 2 of the said act) of the Canadian National Railways $5,503,000.

Mr. Hatfield: We are thankful for the Maritime Freight Rates Act, but like the hon. member for Cumberland I should like to point out that the people of the maritimes are worrying over their markets in the United States. People who live along the Canadian National Railways in the maritime provinces must pay a higher freight rate for shipments to the United States than people living on the Canadian Pacific line in New Brunswick. For example, in making shipments of potatoes from Centreville to Paterson, New Jersey, the rate is 21 cents per 100 pounds more than the rate from a point on the Canadian Pacific four miles away. It costs 21 cents per 100 pounds or $100 a carload more on the C.N.R. than on the C.P.R. at a point on the C.N.R. four miles from the station on the C.P.R. I want to point out that the rate in the province of New Brunswick is 10 cents a hundred lower than the rate from Charlottetown, Prince Edward Island. In practically all cases, unless the shipment is routed to the western United States, the rate via the C.N.R. from Prince Edward Island, Nova Scotia, and the north shore of New Brunswick is 10 to 20 cents higher than from points on the C.P.R. in New Brunswick. I should like the minister to tell me what route a car billed from Charlottetown, Prince Edward Island, to Boston would take on the Canadian National Railways. Where would it cross the border?

Mr. Chevrier: It would go via Saint John. I do not know where it would cross the border.

Mr. Hatfield: If it went via Saint John it would cross the border at Vanceboro. It would be turned over to the C.P.R. at North Devon. That car would take a 10 cent higher freight rate than a car originating anywhere on the C.P.R. in New Brunswick. In other words, we can ship a car of potatoes from Prince Edward Island to Woodstock, New Brunswick, on the C.N.R. and re-ship it on the C.P.R. to New Jersey or other points in the southern United States for less money than we can ship it directly from Prince Edward Island to these points in the United States. Paterson, New Jersey, is one example. We can save 10 cents a hundred by billing the car first to Woodstock, N.B., which is 500 miles from Charlottetown and then rebilling it on the C.P.R. to Paterson, New Jersey. We can save 10 cents a hundred, but that situation should not exist. We have to depend on the United States market to dispose of our potatoes, turnips, lumber and fish. I have raised this question for a number of years in the railway committee, but nothing has been done about it.

Anyone living in the United States who buys goods in the maritime provinces will ask that they should not be billed over the Canadian National Railways. It might be all right if potatoes, for example, are carried over the C.P.R. before they reach the border, but unless that is the case when we come to the border they are then shipped on to their destination in bond. When the receiver on the other end receives the carload of goods he has to get a customs broker and is put to the trouble of taking the car out of customs. On the other hand, if shipment is made via the C.P.R. from New Brunswick, and the car enters the United States at Vanceboro, or any other point, the railway has a customs brokerage firm set up there and the duty is paid. The duty is then added to the freight, and when the receiver in the United States gets his carload of goods he pays the freight and duty at the same time. He does not have to go to the trouble of getting a customs broker and paying him to get the car out of bond. I should like the minister to look into that matter because people living in the vicinity of the Canadian National Railways in New Brunswick, Prince Edward Island and Nova Scotia, and now in Newfoundland as well, are discriminated against.

Mr. Chevrier: As my hon. friend knows, individual rates are matters for the board. In view of his representations, I shall be glad to bring them to the attention of the board of transport commissioners.

Mr. Higgins: I should like to discuss the matter of freight rates and their application to Newfoundland. Before I do so, may I say that I do not want to delay the committee, and if it is not in order I shall not go further. The province has presented a brief to the royal commission on transportation, and if I cannot discuss the matter I shall not go any further. I should like to have an understanding before I proceed.

Mr. Chevrier: May I bring to the hon. member's attention the fact that once a matter is before the board it is considered *sub judice* and should not be discussed in the house on the estimates. Of course he can discuss the subsidy, but he cannot discuss the matters which he has already brought to my attention on several occasions. I have spoken about them in the house once or twice, and I would be delighted to speak tonight, but I hope he will not insist.

Mr. Higgins: I shall not take up the time because the minister is fully conversant with the matter, and I am sure he will look after the poor province of Newfoundland in that regard.

Item agreed to.

918. Canadian Government Railways—enlargement of dock and terminal facilities at North Sydney, N.S. (estimated cost $2,000,000)—capital, $250,000.

Mr. Black (Cumberland): These items are going through fairly rapidly, and I think most hon. members want to facilitate their passing. I should like to know what expenditures are being made at North Sydney, and whether this appropriation will complete the required facilities. We understand and are in agreement with the improvement of these facilities in order to serve the traffic going to Newfoundland. There should be some statement from the minister.

Some hon. Members: Carried.

Mr. Black (Cumberland): I have asked the minister for a statement as to this question, and I do not know why hon. members should cry "carried".

Mr. Chevrier: I am sorry. While I heard the first part of the hon. member's remarks, I did not hear the last part, which was the question.

Mr. Black (Cumberland): I asked whether this appropriation was sufficient to complete the necessary facilities in order to serve the increased traffic to and from Newfoundland.

Mr. Chevrier: No, not nearly enough. The estimated expenditure for the docks and railway facilities will be in the neighbourhood of $2 million, and this vote provides for $250,000.

Mr. Black (Cumberland): And the total expenditure is $2 million?

Mr. Chevrier: That is right.

Mr. Black (Cumberland): When does the minister expect the work to be completed if the total expenditure is to be $2 million?

Mr. Chevrier: The contract has not yet been let. Plans and specifications are about ready, but I hardly think it will be completed before next winter.

Mr. Black (Cumberland): What is the purpose of the $250,000 that is now being voted? What use is it to be put to?

Mr. Chevrier: It is in order to provide for the expenditure in connection with preliminary plans and specifications.

Mr. Higgins: Is there going to be any improvement in the docking facilities at Port aux Basques?

Mr. Chevrier: There is nothing provided in this estimate.

Mr. Higgins: Is it intended?

Mr. Chevrier: Not at this juncture.

[Mr. Higgins.]

Mr. Fulton: I think I can only raise this as a point of order, Mr. Chairman. As I understand it you have called item 918, and I should like to know whether item 911 has yet been called, because I understood the supplementary estimates were to be left until we had carried the main estimates.

The Deputy Chairman: I do not know of any such arrangement. Perhaps it happened while I was not in the chair. I have arranged the estimates in such order that once we take up the main estimate on a certain subject the supplementaries and further supplementaries dealing with the same item can be discussed at the same time. That procedure, which was followed previously, appeared to be satisfactory, and I intended to continue to follow it. Item 918 relates to the same subject matter; that is, Canadian government railways. The main estimate concerning the Canadian government railways had to do with repairs to Ogden Point piers in British Columbia, while item 918 dealt with the enlargement of terminal facilities at North Sydney. That was why I read the subject matter of this further supplementary item under the same heading. Item 911 has not been called, I may say for the information of the hon. member for Kamloops.

Item agreed to.

Air Service—

549. Air transport board—salaries and office expenses, $188,745.

Mr. Fulton: Before we come to this item I should like to make a comment or to ask a question on the statutory item following vote No. 494. Is it permissible to do that now, or should that be done on one of the administrative items? The question is, this being a statutory item as indicated, under what authority was the annuity increased by $1,200 a year? I do not recall any legislation coming before the house to authorize that increase.

Mr. Chevrier: It has not been increased. The amount was announced prior to last session, upon the retirement of Colonel Cross and the appointment of Mr. Justice Archibald.

Mr. Fulton: Was this provision incorporated in that statute?

Mr. Chevrier: Last year it covered the unexpired term and amounted to $3,600, while this year it is for the full term.

Mr. Smith (Calgary West): I am in favour of that item; he is a relative of mine.

Mr. Bater: I have received advice from the North Battleford board of trade that they

have made representations to the department in connection with the composition of the directorates of Trans-Canada Air Lines and Canadian National Railways. They have asked, and have requested me to support their suggestion, that better representation be given western Canada on both those directorates. I also noticed that at the annual convention of the Manitoba associated chambers of commerce a resolution was adopted requesting better representation for western Canada on both those directorates; and I should like to draw that to the attention of the minister.

Mr. Fulton: This is the board before which, as I understand it, the hearing on the show-cause order in connection with Colonial Air Lines will be heard. I am just wondering what may be the repercussions of that order. As I understand it, Trans-Canada Air Lines has a franchise for a service from Montreal to New York, via international agreement; that has been authorized recently. Colonial has a franchise for the same service under an earlier international agreement. If I am correct in my reading of the press reports—and I admit that is all I am going on—the statement has been made that since Colonial questions the constitutionality of the award of that franchise to Trans-Canada, we are taking the position that we question the legality of their earlier franchise. Where is this going to end? I confess that I am somewhat confused, and incidentally very much disturbed, by the international bickering which appears to be going on. I would certainly appreciate, as I am sure the country would appreciate, a statement by the minister which might clear up the matter for us.

Mr. Chevrier: I made a complete statement in the house on the orders of the day earlier and went into the matter as fully as I could; but perhaps I can recapitulate briefly. The air agreement which was signed between the two countries in June, 1949, provided among many other things that T.C.A. would operate the route between Montreal and New York. They made their application to the civil aeronautics board in the usual course, and Colonial Air Lines by a number of legal methods, attempted to block the application. The position is such that it would take some time to go into the legal entanglements involved in that application.

Be that as it may, T.C.A. have not yet obtained their right from C.A.B. to operate to New York. On the other hand C.A.B. gave us the right to have Canadian Pacific Air Lines operate between Vancouver, Honolulu and Australia, and another application is now before the civil aeronautics board by T.C.A. to operate into the Caribbean via Florida with traffic rights at St. Petersburg and Tampa, which as yet has not been disposed of. Because of the delays in the granting of the licence to T.C.A. and because of what appeared to the air transport board to be lack of good faith on the part of Colonial the board under the Aeronautics Act issued this show-cause order, which simply means that Colonial Air Lines will be asked to come before the board and show cause why its licence to operate between New York and Montreal should not be suspended. I do not think I can say more than that at this time.

Mr. Fulton: I do not quite follow the reasoning behind this case. It may be extremely irritating to have Colonial Air Lines opposing the constitutionality of the award of the franchise to T.C.A.; but surely the fact that they have a franchise already to operate from New York to Montreal cannot be disputed. I am inclined to question the wisdom—and I should like to hear the minister's reaction to this—of entering into disputes at the international level concerning a matter which it seems to me should be dealt with at the commercial level. In other words if there is a dispute between two companies, Colonial and T.C.A., why must governments get mixed up in it?

Mr. Chevrier: Governments are not involved in it.

Mr. Fulton: Then why are we getting notes from the United States government?

Mr. Chevrier: Governments had not been mixed up in it except to this point, when the note referred to yesterday by the Secretary of State for External Affairs was received. The application is simply a routine one made by the air line to C.A.B. in the United States and to the air transport board in Canada; there is nothing more than that in it.

Mr. Higgins: Following the minister's statement, as I understood his remarks the other day no matter what may be the outcome of Colonial's application, nothing will interfere with the use of Gander by United States or international air lines?

Mr. Chevrier: I am unable to substitute my judgment for that of the board. The air transport board is the body that grants the licences. Already they have granted licences to two United States companies at Gander, Pan-American and Trans-World Air Lines. One application is still pending; and the rights granted those two United States companies at Gander are permanent. The other right will be disposed of.

Mr. Higgins: Has the minister reason to believe that other trans-Canada carriers will not be granted the same rights?

Mr. Chevrier: I have none.

Mr. Fulton: Who inspired—and I shall use that word for want of a better—the show-cause order issued to Colonial Air Lines?

Mr. Chevrier: The air transport board.

Mr. Fulton: Is that not a branch of government, an emanation of the minister's department?

Mr. Chevrier: Yes, it is, in the same way as the board of transport commissioners is a branch of the department, or the national harbours board.

Mr. Fulton: It seems to me, with respect, that government is getting mixed up with this. I will put it this way. Why could not T.C.A. have issued the show-cause order?

Mr. Chevrier: T.C.A. is the chosen instrument of the government to operate under the international air agreement, just as Colonial Air Lines is the chosen instrument of the United States government to operate from New York to Ottawa. It could not interfere. There must be a regulating body that decides whether an air line shall operate from one point to another or shall cease to operate. That regulating and controlling body is the air transport board.

Mr. Fulton: Is the position not this? Whether we resent it or not, Colonial Air Lines made an application and Colonial is—and I think I am correct in this statement—a commercial air line, is it not?

Mr. Chevrier: Colonial did not make application. Colonial already had its licence.

Mr. Fulton: It opposed the constitutionality of the award of a franchise to T.C.A. from Montreal to New York.

Mr. Chevrier: Yes.

Mr. Fulton: But it did that as a commercial entity. Unless the T.C.A. take action to request that Colonial's licence be cancelled, it seems to me that the air transport board, which it is stated is an emanation of the government, has turned around to a commercial corporation and, as it were, by way of reprisal, said: You show cause why we should not cancel your licence. That is why I say I regret that government—and it appears that we have taken this step—should get mixed up in what is a commercial matter as between air lines.

Mr. Chevrier: The reverse position could equally have been the case. Suppose that Colonial Air Lines had made the application and had previously been designated by the American government as being the line to operate between Toronto and New York. T.C.A. could then have come before the air transport board and opposed the application. It probably would not have done so, but it could have done so in the same manner as Colonial is opposing and has opposed the application by T.C.A. before the C.A.B.

Mr. Fulton: That is perfectly true. I do not think that alters the situation as I have placed it before the committee, namely that the action to show cause why Colonial Air Lines licence should not be cancelled has been taken in the first instance by an emanation of our government. Is that not a statement of the fact?

Mr. Chevrier: No, that is not the fact. The fact is simply this. The two countries signed a bilateral air agreement and one of the designated instruments of one country, namely Colonial, challenges the right of T.C.A. to operate on a certain route; and it challenges that right, as the hon. member has said, on the ground of constitutionality; and while challenging the constitutionality of the bilateral air agreement, it maintains that it has the right on the other hand to operate from New York into Canada.

Mr. Fulton: Under an earlier agreement.

An hon. Member: Under the same agreement.

Mr. Chevrier: As my hon. friend says, under the same agreement, confirmed in the earlier agreement. What I mean is that it had these rights under the earlier agreement and now the same rights were confirmed in the agreement of June, 1949, plus other rights. The whole point is that it seeks to challenge the constitutionality of the agreement in the United States and still in Canada it wants the right to say, on the other hand, that the agreement is constitutional and that it should have the right to operate in here. All the air transport board say is: We now ask you to show cause why your rights should not be suspended.

Mr. Fulton: Is there no way in which that action taken by the air transport board could have been taken by T.C.A.?

Mr. Chevrier: No.

Mr. Fulton: In order to keep the thing off the international level and keep it as between air lines?

Mr. Chevrier: No, for the reason that T.C.A. is not a regulating or governing power. There is only one body that has them under the Aeronautics Act, and it is the air transport board. It is the only board that can cancel or

grant a licence or ask an applicant or a licensee to show cause why its licence should not be suspended.

Mr. Fulton: Would it not have been possible for T.C.A. to apply to the air transport board? Would it not have been possible for that action to have originated with T.C.A.?

Mr. Chevrier: No.

Mr. Fulton: It seems to me to be desirable that it could.

Mr. Chevrier: Only in regard to its rights across Canada or a trans-border right wherein it would have to apply to both boards; that is, if it had running rights in both countries, therefore it must get a licence from both countries.

Mr. Fulton: In conclusion, as far as I am concerned, I put this thought before the minister as a result of the discussion we have had. In my view it would be desirable to create a situation in which it would be possible for the initial action to be taken by our T.C.A. or our commercial air lines under such a set of circumstances, if only for the object of avoiding the appearance—and it seems to me it has that appearance, based on facts—of government having to take the initial action which means inevitably what we have now, an exchange of international notes, a thing which has not happened under circumstances of this sort, at any rate, for years as between ourselves and the United States. I think it is most regrettable. I feel that, if it is at all possible, some mechanism should be worked out whereby our commercial air lines, T.C.A. or other air lines as the case may be, could take initial action to avoid such a set of circumstances in the future.

Mr. Green: If the Colonial Air Lines withdrew their application in the United States, would this show-cause summons be dropped?

Mr. Chevrier: I could not answer that question. That would be up to the board. I could anticipate what the result would be, but I would not presume to say what the board's decision would be.

Mr. Green: I think there is one question about the jurisdiction of the air transport board which should be clarified. It has always been my understanding that the board exercises its discretion in granting a licence, permit, or whatever the certificate is called, and apparently that has been done in this case. Colonial Air Lines have been given a licence. I can quite understand why the board should at a later date issue a show-cause summons to show why that licence should not be cancelled if there were some doubt about the ability to fly, or if the line were not operating safely, or if there were something being done that was wrong with the actual conduct of the operation; but I should like the minister to state whether the air transport board can go further than that and cancel the licence for some reason which has nothing whatever to do with the efficiency of the operation. If the board can do that with one line, then it could do the same with a Canadian line; having issued a licence to a Canadian line, and that licence still not having expired, and the route being flown in an efficient way, satisfactory to the public, the board could issue a show-cause summons and have that licence cancelled for some extraneous reason. Has the board that power? That is the point which worries me. Because it does not like something that a flying company is doing, quite apart from the route that is being flown, has the board the drastic power to cancel the company's licence?

Mr. Chevrier: In the first place, the licence was granted under the old agreement. In the second place, having the power to grant a licence, they must of necessity have the power to suspend or cancel that licence. And as I said the reason why the show-cause order is being given is perfectly valid, namely, that a licensee claims on the one hand that the air agreement under which it is the chosen instrument is invalid, on one side of the line, and on the other side claims the right to continue to operate because the air agreement is valid. Surely that in itself is a good reason why the board should exercise the power which it has under the act.

Mr. Green: Then the board could not take action of this kind in the case of a licence issued for a domestic flight, that is, a flight within Canada.

Mr. Chevrier: I think the board has the power to grant licences for domestic flights in Canada, and also to cancel them.

Mr. Green: If it issues a licence in Canada for flying in Canada and the Canadian company is giving satisfactory service, could the board issue a show-cause summons and cancel that licence for some reason quite apart from the fact that the route is not being flown in a safe way?

Mr. Chevrier: I would not like to answer that question generally but I would say that if an air line were operating in accordance with the regulations, civil aviation, radio and weather, the board would not attempt to interfere with it.

Item agreed to.

Airways and airports—

498. Construction and improvements, including radio facilities; and to authorize commitments against future years in the amount of $100,000 (revote $2,303,650)—Capital, $13,097,300.

Mr. Green: Can the minister tell us where this money is to be spent?

Mr. Chevrier: Yes, I have quite a lengthy list. I shall pick out some from various districts. As the committee knows, there are several air districts across Canada. I shall take the larger amounts. In the district of Moncton almost a million dollars is to be spent to reinforce and extend runway, $725,000 at Sydney, Nova Scotia; $750,000 is to be spent for the construction of a hard-surfaced runway at Fredericton; $750,000 is to be spent at Saint John for the construction of northeast-southwest runway including lighting. In the district of Montreal, Dorval, $300,000 is to be spent for a terminal building. In the district of Toronto there are two large items, one of $970,000 to complete the construction of one runway and another of $740,000 to complete the construction of another runway. In the Winnipeg district there are substantial expenditures for the construction of parking areas and taxi strips at the Stevenson airport. In the Edmonton district $870,000 is being provided for the construction of east-west runway at Calgary. Then there is a substantial number of smaller items, one for the isolated places in the Northwest Territories. In the Vancouver district there is quite a large number of items that are provided for. Again this is broken down in districts for radio aviation. The total amount is as set out in the vote.

Mr. Green: That is not all being spent on government-owned fields?

Mr. Chevrier: No.

Mr. Higgins: In the Newfoundland supplementary estimates there is an item of $449,000 under the same heading.

Mr. Chevrier: Over and above this.

Mr. Higgins: Where is it to be spent?

Mr. Chevrier: At Gander.

Item agreed to.

499. Civil aviation services, $3,842,568.

Mr. Higgins: Under this item there is an amount of $3,770,000 for Newfoundland. Where is it to be spent?

Mr. Chevrier: My hon. friend is referring to the supplementary estimates.

Mr. Higgins: Yes.

Mr. Chevrier: I speak from memory now. The expenditure for the Gander airport will run upwards of $3 million. I think it is somewhere in the neighbourhood of from $3,500,000 to $4 million.

Mr. Higgins: The amount I refer to is $3,770,000.

Mr. Chevrier: I would say most of that is for Gander.

Mr. Higgins: Is that for runways?

Mr. Chevrier: Buildings, runways, and I think there is an apron. After we took over Gander we discovered that there was a great deal of work to be done. Most of it was in connection with repairs, various maintenance and the like.

Mr. Higgins: That will be in the next season?

Mr. Chevrier: Yes.

Mr. Black (Cumberland): What is the total expenditure for this service in the current year?

Mr. Chevrier: Under item 499?

Mr. Black (Cumberland): No, for all the air services.

Mr. Chevrier: It is $36 million.

Item agreed to.

500. Radio aviation services, $4,097,050.

Mr. Higgins: There is a little item of $415,000 for Newfoundland. Is that to be spent at Gander?

Mr. Chevrier: Yes.

Item agreed to.

502. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $310,000.

Mr. Fulton: I do not want the detail of this item. Perhaps it will be sufficient if the minister could tell me where I can find it. What are the qualifications or standards laid down before a flying club or a flying school can obtain one of these grants? In the detail on page 291 it says that $250,000 is available to flying schools and flying clubs and student pilots. Is that available under the statement of policy that has been previously announced?

Mr. Chevrier: Yes, it is available under an order in council which I tabled. If my hon. friend has not got it I shall be glad to send it to him.

Item agreed to.

503. Contributions, subject to the approval of the governor in council, to assist municipalities to improve existing airports, the sites of which have been provided by such municipalities (revote, $164,000), $264,000.

Mr. Herridge: Under this item contributions re given to assist municipalities in improving xisting airports. In my constituency there s a most important airport. I think the inister is aware of the circumstances. It is laced on the most favourable site for the anding of planes. It is used at this time by he Canadian Pacific Air Lines for landing assenger planes. I understand that the inister's department has rejected assistance o the development of this airport because it oes not come up to certain specifications. It s jointly owned by four municipalities.

Mr. Chevrier: What is the name of it?

Mr. Herridge: Castlegar. In view of the fact hat this is a terminal airport for the district nd will continue to be, and offers the best pportunities for development as an airport, vill the minister's department consider ssisting those municipalities that own the irport?

Mr. Chevrier: Mr. Chairman, there is a arefully defined program in the department n connection with assistance to municipal irports. The technical officers of the depart- nent feel that this airport is good enough or the services now available. The officers lo not think that it is the kind of airport that hould be operated on a 24-hour basis because he cost of it would be prohibitive. Having one into it carefully they feel that is as far s they can go. If it pleases my hon. friend shall be glad to ask my officers to look at it gain.

Mr. Herridge: I wish you would.

Mr. Black (Cumberland): On what basis loes the department assist municipalities in he construction or maintenance of airports?

Mr. Chevrier: It assists them in three ways: First by grants to the municipalities; second, by a subsidy to an airport; and third, it comes o the assistance of airports in isolated areas.

Dealing with the first group, as a rule the nunicipality must provide the site. What the lepartment does is to make a grant of $25,000 o the municipality. The municipality asks or the contract, places the contract, and we vill pay towards that cost to the municipality sum not to exceed $25,000.

Mr. Green: I notice that in the particulars n page 291 there are eleven payments; ten f them are for airports in the province of Quebec, each in the amount of $25,000; and ne in Ontario for $4,000, and none in any f the other provinces. Why is that?

Mr. Chevrier: Because the list I mentioned moment ago gives assistance to trans-con- inental airports—for T.C.A. and C.P.A. in he northwest. I think now of Winnipeg, Calgary, Edmonton and Saskatoon. Those were airports taken over during the war. The government spent large sums of money, and then turned them over to the municipalities. Some of the municipalities felt they should not accept them; and in connection with some of them, as indicated by the vote which appears later on, we have to carry them on and administer them ourselves.

In Quebec, apart from Dorval, there are not many of these transcontinental airports. But in the more isolated parts of Quebec, such as the north shore and the south shore, for which provision is made in these estimates, there is great need for small airports, and the government decided to come to the assistance of these municipalities in that way.

I think however if one were to make a tabulation one would see that, from the point of view of population, Quebec perhaps —and not "perhaps", but assuredly—receives far less by way of assistance for airports than does the rest of Canada.

Mr. Green: I am not complaining about what Quebec is getting. It does seem strange however that only Quebec and Ontario are getting any benefit from this vote. The minister just referred to an airport at Castlegar. That is a main airport on the route from Vancouver to Calgary. Planes are dropping in there every day on their regular routes. While the minister says it cannot be operated at night, I think that is not the actual position. Furthermore it is an emergency landing for Trans-Canada Air Lines. I do not understand why it cannot qualify for some help when these municipal airports do.

Mr. Chevrier: It does qualify, but not for the kind of help it wants. It wants operation day and night. These little airports to which my hon. friend refers cannot operate at night. There are no instrument services and no control works permitting them to land aircraft at night. All there is is an airstrip. When one considers the tremendous size of the estimates for airport construction, and the cost of building an airstrip, it must be realized that $25,000 does not go very far. Most of these are dirt strips.

Mr. Applewhaite: Mr. Chairman, I should like to speak briefly in connection with this item, and direct my attention more to what the item does not cover than to what it covers. This item deals with contributions subject to the approval of the governor in council, to assist municipalities to improve existing airports, the sites of which have been provided by such municipalities. The

situation I should like to bring to the attention of the minister and the committee is that of those communities which are not municipalities. In northern British Columbia, and presumably in other parts of Canada, there are a large number of small communities which are not municipalities, but which, of their own volition and with their own work, have provided the existing airports.

Perhaps it would not be proper to call these airports, but they could be described as airstrips on which aircraft can and do land. These are not airports asking for assistance by way of range finders and other types of modern equipment. What I have in mind are those communities where the citizens have literally got out with their picks and shovels, perhaps with horses or trucks, and built the airports now in use.

Perhaps in view of the wording of the item it would be difficult to assist them. I would draw the attention of the minister to what has been done in a few of those cases in my district. The most important of these is the Atlin airport, where the north-south runway of the proposed two-way airport has been cleared from end to end by the people there. It was done in 1940, and has been partially maintained by bulldozers since that time.

During the months of June and July of this year there was an average of three planes per day at that point. This airstrip was built entirely through local effort, local money and local labour.

At Telegraph Creek, which perhaps is not so large, we find a similar situation where the airstrip was built by local, voluntary labour. At Dease Lake we find a somewhat similar airstrip. The main expense of the field at this point was borne by Mr. G. L. T. Dalzeil and Robert A. Farrell. Mr. Dalzeil is the present owner of the land on which the field is located, and put up most of the cash. He is the only one who uses the field at the present time, because he is the only person with a small enough plane.

At Tulsequah the situation is slightly different. The airstrip at Tulsequah was built by the Polaris-Taku Mining Company, who now own it. The strip is used by the Consolidated Mining and Smelting Company and other planes that may be going through in that direction. Permission is given to everyone who wishes to use the strip, and no charge is made for its use.

In all these cases I should like to point out that there are involved a class of people who are not usually dependent upon governments, and who do not make a practice of running to governments to have everything done for them. They have done everything it is humanly possible for them to do, and have done it of their own volition. I suggest they are now entitled to some assistance from this department.

Someone may suggest: Why not incorporate and become municipalities? These communities are too small. You cannot incorporate a working municipality out of a community of 220 or 250 people. But, without exception, they are communities which have no rail connection, no passenger steamship connection and, so far as three out of four of them are concerned, no highway connection. To all intents and purposes therefore they are entirely dependent upon air transport.

I would ask the minister whether he could make this vote applicable to communities of that sort. I would be perfectly willing to see the limit brought down to $4,000 or $5,000 as a maximum for airports of this size. Would he consider applications from that type of community?

Mr. Chevrier: This vote does not provide for the contingency to which the hon. member has referred. The policies outlined a moment ago cover grants to municipalities only. But, as I have already indicated to my hon. friend, I am asking my officers to see if there is not some way of amending this vote so as to give assistance in such cases as he has mentioned.

Mr. Black (Cumberland): Would this vote cover maintenance expenditures necessary to keep the airport at Amherst in a serviceable condition? This airport was acquired by the municipality, and a special appropriation was made. During the war the government made substantial expenditures in the improvement of the airport, and after the war it reverted to the municipality. I believe the government still has title to it. Would this appropriation provide funds to maintain that airport? It is used by flying clubs, and some of the people in those clubs have complained to me about its condition.

Mr. Chevrier: There is no provision in this vote for maintenance or operation expenditures. But if there is an airport at Amherst, and the municipality wishes to make application, we will be glad to see if we can assist them.

Mr. Gibson (Comox-Alberni): Can assistance be granted under this vote to municipalities for the maintenance of sea plane bases?

Mr. Chevrier: No.

Mr. Gibson (Comox-Alberni): Have you been asked to grant such assistance?

Mr. Chevrier: I cannot say, but we could not grant assistance for sea plane bases under this vote which is purely for land plane bases.

Mr. Gibson (Comox-Alberni): There is no ther appropriation available?

Mr. Chevrier: No.

Mr. Higgins: What is the position with egard to the United States bases at Argentia nd Stephenville? Are landing fees charged r is there a subsidy by the Canadian governnent?

Mr. Chevrier: That would come under xternal affairs.

Item agreed to.

505. To authorize contribution of an amount not xceeding $30,420 to the state of Michigan, U.S.A., epartment of aeronautics, towards the cost of peration and maintenance of certain airways facilies at Grand Marais, Michigan, for use of Canadian ircraft, $30,420.

Mr. Hatfield: Will the minister explain this ote?

Mr. Chevrier: This is to assist in the operaion and maintenance of the airport at Grand Marais, Michigan, which is used as a substiute airport by T.C.A. planes when taking he lower route from Toronto to Winnipeg.

Item agreed to.

506. Contribution to the international civil aviaion organization as Canada's portion of the finanial assistance to the government of Iceland in espect of the provision, operation and maintenance f certain air navigation services, $48,000.

Mr. Knowles: This seems to be a new item nd perhaps the minister could explain it in nore detail. What is the total amount spent n these services and what other countries ontribute? Who is benefited?

Mr. Chevrier: This service is of benefit to ll planes that use the north transatlantic oute operated by countries who are members f I.C.A.O. and who subscribe to this service. The total amount is 3,609,800 kroner and Canada's share is 310,661 kroner, which is approximately $48,000.

Item agreed to.

Northwest communication system —

507. Additions and betterments, including transport equipment—capital—formerly under demobilization and reconversion estimates, $500,000.

Mr. Fulton: Where are these improvements and betterments to be made?

Mr. Chevrier: This appropriation is to carry out the terms of the Ilsley-Morgenthau agreement of 1944 whereby this government purchased from the United States government the northwest Pacific lines which were turned over to the Canadian National Telegraphs for operation. This is a capital vote which can be broken down partly for the acquisition of equipment and partly for the construction of certain buildings such as additional married quarters. This is the northwest communications line extending northwesterly from Edmonton in the direction of Fairbanks and Alaska, and these improvements will be made at places such as Little Smoky, Destruction Bay, Yellowknife, Canyon Creek, Swift River, Watson Lake, Fort Nelson and Summit Lake.

Mr. Fulton: These are communication lines?

Mr. Chevrier: Telegraph lines and radio.

Mr. Knowles: I notice that this is under civil aviation. Has this to do principally with private telegraph services or private telecommunications services for the Canadian Pacific Air Lines which flies that route?

Mr. Chevrier: It provides telegraph service and telecommunications service for the assistance of all planes operating in that area and for the assistance of the people living there.

Mr. Knowles: Do Canadian Pacific Air Lines pay anything for this service?

Mr. Chevrier: They pay the usual rate for the use of the line.

Mr. Knowles: So far as the capital expenditures are concerned, we are paying the whole shot.

Mr. Chevrier: Yes.

Item agreed to.

508. To provide for the difference between the expenditures for operation and maintenance and revenue accruing from operations during the year ending March 31, 1950—formerly under demobilization and reconversion estimates, $343,016.

Mr. Knowles: What are the anticipated expenditures for the present fiscal year and what are the anticipated revenues?

Mr. Chevrier: The anticipated revenue is $883,000 and the anticipated expenditure is $1,226,966, showing a deficit of $343,000.

Mr. Knowles: From whom is the revenue received?

Mr. Chevrier: The revenue is received in the following manner:

Lease of line to the United States government	$318,000
Lease of line to Department of Transport	226,000
Lease of lines to airlines operators	44,000
Lease of line to R.C.A.F. and army	98,000
Commercial traffic and other leases	195,000

Mr. Knowles: We seem to have quite a mixture of telegraphs, telecommunications, civil aviation, defence and international relations. On what basis is the C.P.A. now operating the service that crosses the international border into Alaska? Is there some order in council that gives them that right or are they flying that service for T.C.A.?

I have in mind the general government policy that routes crossing the international border are to be covered by the government agency.

Mr. Chevrier: If my hon. friend is referring to the domestic service of C.P.A., that is operated under a licence granted by the air transport board. If he is referring to the international service from Vancouver to Kiska to the Orient, that is operated under agreement by which the government has selected them as the chosen instrument.

Mr. Knowles: I was referring to the C.P.A. line that goes north from Edmonton and eventually crosses into Alaska to Fairbanks and Nome.

Mr. Chevrier: That route is operated under a subcontract from T.C.A.

Item agreed to.

724. Meteorological services—further amount required, $77,000.

Mr. Higgins: Where is that money being spent?

Mr. Chevrier: This item for $77,000 is for the operation and maintenance of meteorological facilities being taken over from Newfoundland. While a part of it appertains to Gander, some of it is for Botwood, Torbay and Goose.

Item agreed to.

725. Construction and improvements—further amount required, $61,000.

Mr. Higgins: What about this item?

Mr. Chevrier: This is for improvements to existing accommodation for weather services at Gander. All of it is for expenditure at Gander.

Item agreed to.

Radio division—

511. Administration of the Radio Act and regulations, $1,075,425.

Mr. Smith (Calgary West): What is the reason for the big advance in expenditure in this item?

Mr. Chevrier: The main part of the increase is due to increases in salaries; $102,000 is attributable to that, and the other great increase, $185,000, is provided for the North American regional broadcasting conference which has been in session in Montreal for the last eight or ten weeks. It is a group of members of the North American hemisphere which met at Havana in 1942 and concluded an agreement for a period of five years. That agreement expired in 1947, and they operated on a *modus vivendi* until 1949 when they met in Montreal to attempt to agree on a further convention.

[Mr. Knowles.]

Mr. Smith (Calgary West): All right.

Mr. Chevrier: In 1949 Canada is the host government.

Item agreed to.

512. Radio direction finding stations, radio beacons and radio telegraph stations, operation and maintenance, $1,778,283.

Mr. Green: Recently the minister's department established a radar station on the bridge over the first narrows at Vancouver. The idea was that from this station directions would go out to ships in the event of fog, or if any other difficulties were experienced in getting into the harbour. Just two or three weeks ago a ship crashed on the shore of Stanley park a few hundred yards from the bridge despite the fact that the radar operator on the bridge gave out repeated warnings that the ship was running into the shore. There is some doubt whether or not the apparatus on the ship was working, and also whether it had a radio operator. The suggestion is made that the department has no power to compel ships to follow the directions given. In other words, if they choose to ignore the directions or are not able to hear them, the company operating the ship is not subject to any penalty. Incidentally, the minister announced he was having an investigation made into the wreck. The ship was totally wrecked, but fortunately there was no loss of life. Can the minister tell us what the position is as to radar warning stations of that type?

Mr. Chevrier: With regard to the hon. member's reference to the wreck of the *Chelohsin*, as I indicated earlier a preliminary inquiry was ordered, but the report has not been forthcoming, and I am unable to give the house or my hon. friend the details surrounding the wreck. With reference to the radar station which operates on the bridge, all the radar station can do is to give a warning of danger that lies ahead. It has no power to give instructions which must be followed by the ship.

Mr. Green: Is there any penalty if the ship does not follow instructions given by a station of this type?

Mr. Chevrier: No, there is not.

Mr. Green: There might very well be a collision. The instructions might be directing one ship to keep clear of another, and if they were not followed the result might be a serious collision. It seems to me there should be some power to enforce obedience to those directions.

Mr. Chevrier: I am informed all these radar stations do is to advise the ship of its location and any imminent danger that may lie ahead. There is no power to give orders.

Mr. Smith (Calgary West): This ship hit a whole continent, didn't it?

Item agreed to.

726. Radio direction finding stations, radio beacons and radio telegraph stations, operation and maintenance—further amount required, $119,500.

Mr. Higgins: I see the amount of $119,500 is made up, among other things, of an item of $65,000 for a Marconi operated radio station. Is that a fee, or what connection does it have with the bill we passed recently?

Mr. Chevrier: That is an agreement Marconi have with the department to operate a number of stations on the island.

Item agreed to.

513. Suppression of radio interferences, $357,978.

Mr. Herridge: In the southern interior valleys of British Columbia there are thousands of people with radio sets who are unable to listen to Canadian stations at night. The only radio reception they get is from United States stations. I think the minister's officials are well informed as to the situation because they have investigated it, but is any consideration being given to remedying it?

Mr. Smith (Calgary West): How lucky they are.

Mr. Chevrier: The difficulty that arises in the case mentioned by my hon. friend is that the main obstacle is the mountains, and they could be circumvented by additional power. If the stations wish to ask for additional power I suppose their applications would be considered by the C.B.C., and eventually by the Department of Transport, but the matter has been and still is being given consideration. I realize that it is a difficult position, but it is one which is caused because of geography more than anything else.

Item agreed to.

514. Issue of radio receiving licences—(transport department only), $666,254.

Mr. Knowles: Can the minister tell us what the present status is of the discussions that have been taking place about the amount of the radio licence fee? Is it still $2.50, or is it going up or down?

Mr. Chevrier: The licence fee is still $2.50.

Mr. Smith (Calgary West): I want to make one remark about this item. This is—what is a parliamentary word—the most insidious bit of camouflage in financing I have ever known in my life. The Canadian Broadcasting Corporation permits your poor unfortunate department to do all the work for them and then turns over the whole fee to the C.B.C. in spite of the work that you and your officials have done. Why in this House of Commons we do not face this thing and give the C.B.C. the money they want without this ostrich business of financing is absolutely more than I can understand.

Mr. Hatfield: This costs more to collect than it is worth.

Mr. Shaw: In the details on page 295 I see provision for temporary assistance in the amount of $163,608. Does that cover in the main those persons who go around knocking on the doors of Canadian householders in an effort to ascertain whether or not they have radio licences?

Mr. Chevrier: No, it does not.

Mr. Shaw: Then where may one find a record of the amounts paid to those men who do go around to the houses?

Mr. Chevrier: Some time ago I tabled a return in the house indicating that certain sums of money had been collected in each of the last three years, but perhaps for the information of the committee I might give the amount collected in 1948-49, which was $4,670,000. The commissions paid in the same year were $341,000, which was a very small portion of the total collections.

Mr. Shaw: The point I have in mind is this. I understand the $2.50 fee is turned over to the C.B.C., and that the cost of collecting that fee is not deducted from it. Is that not true?

Mr. Chevrier: I understand that the full amount is turned over to the C.B.C.

Mr. Shaw: Then my previous question naturally follows. Where in the records do we find the amount paid these door to door canvassers or solicitors or investigators, whatever you call them?

Mr. Chevrier: I am told that the commissions I mentioned a moment ago are covered by item 514.

Item agreed to.

Telegraph and Telephone Service—

515. Administration, operation and maintenance, $1,263,060.

Mr. Knowles: Does this item relate to the telephone service provided by the federal government in northern British Columbia?

Mr. Chevrier: Yes.

Mr. Knowles: Last summer I was up in that part of the country trying to keep the hon. member for Skeena from getting here.

Mr. Cruickshank: You were not very successful.

Mr. Knowles: No, I was not. At that time I had occasion to pay a visit to Hazelton, British Columbia, and the employees of the telegraph office there invited me to look over their premises. It did seem to me there was considerable room for improvement. I wonder if that situation has been drawn to the attention of the minister, and whether consideration is being given to improving the building and the facilities with which these employees work at that point.

Mr. Chevrier: I do not know about the premises my hon. friend refers to, but I was up in the Northwest Territories last year—

Mr. Knowles: This was in British Columbia, at Hazelton.

Mr. Chevrier: I was at the station at Whitehorse, or a few miles outside that town, which is on the same line. Frankly, in that isolated country I was surprised to see the efficiency of the operation of this station. It was pretty well operated; the operator was a young man who knew his business, and he had the most modern equipment. It may be that the station visited by my hon. friend was not in the same condition, but it is on the same line. However, I shall be glad to ask the officers who are here to look into the matter.

Mr. Knowles: I just mentioned the matter to bring it to the minister's attention. The point I am talking about is probably a thousand miles south of where the minister was.

Mr. Chevrier: It is on the same line.

Mr. Knowles: The conditions at Whitehorse as described by the minister certainly were not those I saw at Hazelton.

Mr. Applewhaite: I wish to bring up a matter which comes directly under the heading of telegraph and telephone administration. I want to refer this matter to the minister with the request that he take such action as I am going to suggest, at least as a temporary palliative.

I point out to the minister and the committee that between Prince Rupert and Prince George, British Columbia, there is a telegraph line operated by the dominion government telegraph service. Going over that line today is the complete radio service of the trans-Canada network, including both sponsored and sustaining programs. At the present time, however, radio station CFBR, which is operated under some lease arrangement, is not permitted to rebroadcast revenue-pro ducing or sponsored programs. The informa tion I have, which I know to be accurate, i that the C.B.C. cannot permit those program to be broadcast because they have bee unable to come to an agreement with th dominion government telegraphs with respec to a rental fee for the use of the line, thoug I would impress upon the minister tha today those programs are going over tha line to the radio station. The programs whic are non-revenue-producing are being broad cast, while those which are revenue-pro ducing or sponsored have to be switched o at the Prince Rupert station.

Therefore no question of the greater o lesser use of the dominion government tele graph line is involved. To have these pro grams rebroadcast would involve no cash out lay as far as the taxpayers of Canada ar concerned. Not one cent would be involved I am informed, and I believe the informatio to be correct, that the amount suggested a a fair rental by the dominion governmen telegraphs is $30,000 a year, which they ar asking the Canadian Broadcasting Corpora tion to pay but which the C.B.C. has decide it is not in a position to pay.

Mr. Chevrier: If I may correct my hon friend, the amount asked is $18,000.

Mr. Applewhaite: I am glad indeed to hea that, because the information I was give not very long ago was to the effect that i was $30,000; and that was the figure quote before the board of transport commissioners I am glad it has been reduced to $18,000 because I might hope that figure would pro vide a basis for negotiation.

In the meantime the suggestion I want t make to the minister is this. Both the C.B.C and the dominion government telegraphs though they may be separate bodies, ar forms of governmental agencies or crow corporations. That being so, would it not b possible to give permission to have thes programs broadcast while negotiations ar going on? Why should the residents of tha district, who are paying their radio licenc fees, have to go without the programs they want to hear while these negotiations are i progress? It might be said that to do thi would weaken the position of the dominio government telegraphs in their negotiation with the C.B.C. I strongly suggest that thi should not be the case; otherwise it woul indicate that one government departmen apparently is trying to make money out o the other.

I know the departmental excuses o reasons; I know the difficulties in connectio

with the solution of interdepartmental problems of this kind; I also know the answers to the questions that have been raised. I find it very difficult indeed to believe that this has been going on with the minister's knowledge; and I find it impossible to believe that it will continue with the minister's knowledge and approval. I suggest that it is an unfortunate situation when on Monday morning the member for that district receives telegrams from the city of Prince Rupert on the Pacific coast asking who won and what was the score in the Saturday night hockey game in Toronto, which of course is a polite way of telling me they cannot get the Imperial Oil hockey broadcast, which is one of the programs they really want. I could talk for forty minutes without repeating myself on this subject, but I am not going to do so. In view of the fact that governmental expenditure is not involved, I am just going to urge the minister to give these people the programs they want for Christmas.

Mr. Chevrier: I think the hon. member has raised a point that is quite a sore one in the area from which he comes, and I am not at all surprised that he should be quite angry and disturbed about the situation. But there is more to the position than that which he has placed on the record, and I do not want to enter into a discussion of the various points involved at this time. It does seem unfortunate—and I agree with him in this respect—that two government bodies could not agree on what should be done. I have already taken up the suggestion which he has made. In fact, I brought it to the attention of the two branches concerned, and I must say that it did not seem to appeal to them. But I am fully conversant with the problem, and I can assure my hon. friend that I will give it my personal attention.

Mr. Benidickson: The same condition prevails, of two government bodies scrapping about who is going to assume the bookkeeping in these matters, in the district of Rainy River. There the two culprits are the C. B. C. and the Canadian National Railways. I think you will find there is something similar there.

Mr. Fulton: In the south central part of British Columbia from which I come, large areas are covered by the government telephone and telegraph services. The people who are given that service are genuinely disturbed lest they should be subject to an increase in rates, not as a direct result of the application now before the board of transport commissioners by the commercial telephone companies, but on the basis that in previous correspondence and discussions with regard to the matter it has been stated that the government telephone rates are based upon the rates charged by the commercial telephone companies. Perhaps this may be taken care of by the fact that these are mostly long distance rates, but can the minister give us any indication or assurance that it is not intended to increase government telephone service merely on the basis of the application before the board?

Mr. Chevrier: I cannot say that it is not the intention to increase government telephone rates. I can say that there is no intention at the moment to deal with that subject by way of increase in rates. But I am informed that, if an increase is granted to the company that is now making application before the board with regard to long distance tolls, it may have an effect, because the tolls are applicable across Canada.

Mr. Fulton: I am afraid I do not quite understand the minister. Does he mean that the rates for the government service would go up automatically, or merely that on those lines or those systems where there is partly private and partly government service rates will go up?

Mr. Chevrier: Rates will not go up, as far as I understand it, save and except on long distance tolls, if they are increased, for the company which has now made this application. Then because of the interline arrangements it would be impossible to operate without a concurrent increase on long distance tolls. This discussion appears to me to be entirely outside the orbit of this vote, because no authority has been granted by the board for an increase in rates.

Mr. Fulton: It seems to me the government immediately becomes an interested party in the application before the board. I most strongly urge that the government be represented before the board by counsel. In addition, may I ask this question. If the increase were to take place, I should like to be quite clear on this point. Does it then follow necessarily—and is that the minister's statement—that, say, between Ashcroft and Williams Lake where the service is exclusively over the government telephone line where there is no private line involved, there would be a similar increase in that government service?

Mr. Chevrier: Not necessarily.

Mr. Sinclair: I should like to ask a question which is apropos of this item. The government telegraph service serves most of the northern part of my riding, giving good pioneering service in the outlying areas; but

in the southern part of my riding the village of Squamish, which has already featured in this session's debates as the terminus of the P.G.E. railway, to which this government is going to pay a subsidy for further construction, is still served by the pioneer service of the government telegraph service; whereas two adjacent towns, Britannia Mines and Woodfibre, enjoy urban service provided by the British Columbia Telephone Company. This is an excellent service and for some time the people of Squamish and the P.G.E. railway officials have asked that the government telegraph service at Squamish be sold to the British Columbia Telephone Company so that they could enjoy the same service. I should like to ask the minister what progress has been made in this transfer.

Mr. Chevrier: I am not aware of that particular application, but I shall be glad to look into it.

Mr. Sinclair: It has been outstanding for two years now, I think.

Mr. Chevrier: I am sorry, but this is the first time I have heard of it.

Mr. Sinclair: I wonder if one of the minister's officials has heard of it.

Mr. Higgins: In the supplementary estimates, item 729, on the same subject, provides an amount of $350,000 for the difference between the revenue and expenditure for telegraph and telephone service. What is the reason for that? Are you cutting rates?

Mr. Chevrier: That is a vote which is consequent upon this one to deal with Newfoundland only, and the expenses are $1,014,340 and the revenue $664,340. The vote is therefore $350,000.

Mr. Higgins: The rates will not be any cheaper?

Mr. Chevrier: The same.

Item agreed to.

Telegraph and telephone service—
516. Construction and improvements, $524,192.

Mr. Higgins: Am I right in my belief that this $524,000 is for the whole dominion? It would appear from item 730 on page 9 of the supplementary estimates that the province of Newfoundland is to get $300,000. That seems a rather large proportion. I am glad if it is a Christmas box in that way, but is it really that?

Mr. Chevrier: The $300,000 is in addition to the amount voted in the main estimates.

Mr. Higgins: The whole country is getting only $524,000, and Newfoundland is getting $300,000. Thank you for the Christmas box.

[Mr. Sinclair.]

Mr. Chevrier: I do not want to hurt the feelings of my hon. friend but perhaps because of the bad state of repair in which the services were, we found that it would take a considerably larger sum of money to look after them than similar facilities in the rest of Canada.

Item agreed to.

Telegraph and telephone service—
925. Construction and improvements (revote, $169,000)—further amount required, $183,500.

Mr. Fulton: Purely for information may I ask why, in the supplementary estimates, there is included a revote of $169,000? I do not understand why that figure should be placed in there if it was not in the main estimates. Was it something that was discovered subsequently that had not been spent?

Mr. Chevrier: This amount of money is for the acquisition, construction of buildings, works and structures, including land, in the amount of $183,500; for assistance to small rural telephone companies, and for the maintenance of essential services. The revote is made up of a number of things. For instance, for the acquisition of a local telephone system at Canal, British Columbia, which was also provided for, there is $8,000—that is a revote. For the metallizing of the existing circuit and rebuilding the pole line as required between Port Alberni and Bamfield there is a revote of $18,600.

Mr. Fulton: Does that include the improvement of the circuits between Lytton and Lillooet, in the vicinity of Lillooet?

Mr. Chevrier: No, it does not. May I answer the question raised by my hon. friend from Coast-Capilano. A memorandum has just been sent to me to the effect that an order in council has been passed selling the Squamish Telegraph and Telephone system to the British Columbia Telephone Company, which is effective as of January, 1950.

Mr. Sinclair: I am glad to have that confirmation now.

Item agreed to.

The Deputy Chairman: Item 729 in the supplementary estimates deals with the telegraph and telephone services in Newfoundland to which the hon. member for St. John's East referred a moment ago.

Item agreed to.

Demobilization and reconversion—Director of merchant seamen—now included in ordinary estimates—
517. Acquisition of properties in Canada for United States authorities, $24,000.

Mr. Hatfield: Explain this, please.

Mr. Chevrier: This is for the payment of taxes on properties at Prince Rupert acquired from the United States government.

Item agreed to.

Railway and steamship service—
518. Steep Rock Mines—construction, $59,500.

Mr. Knowles: Will the minister say what this is for? Will he tell us what is the total amount that has now been spent at Steep Rock mines?

Mr. Chevrier: This amount is for assistance in the development of the iron ore deposit at Steep Rock.

Mr. Knowles: What specifically is it for?

Mr. Smith (Calgary West): Digging.

Mr. Chevrier: It is for new construction.

Mr. Knowles: Of what?

Mr. Chevrier: It is made up as follows: additional trackage at Port Arthur, estimated cost $86,000, less the expenditure of $72,000, a revote of $13,650; additional trackage at Atikokan, $2,500; strengthening iron dock pockets, Port Arthur, $19,250; purchase of land, $2,000, and a number of additional items of equipment to the amount of $22,100, making a total of $59,500. My hon. friend asked the amount that had been expended thus far. It is $3,145,000.

Mr. Knowles: All of that has to do with railway equipment and service at Steep Rock, Steep Rock to Atikokan and down to Port Arthur?

Mr. Chevrier: That is right.

Mr. Knowles: None of it has to do with any of the equipment in or at the mine itself?

Mr. Chevrier: No.

Item agreed to.

519. Steep Rock Mines—subsidy, $240,000.

Mr. Knowles: What are we subsidizing by this item of $240,000? What is the total amount that we have spent in this sort of subsidy since we started doing it?

Mr. Chevrier: This item provides for the payment of a subsidy of twenty cents a ton to the Canadian National Railways on the ore that moves out of the mine across the dock at Port Arthur. The subsidy for this year is $240,000. The grand total of subsidies thus far since it began in 1944 is $692,000. Two and a half million tons of ore have been taken out of the mine since the inception of the subsidy.

Mr. Green: Has the minister any idea of the reserves of ore?

Mr. Knowles: If I may do as my hon. friend from Calgary West suggested, refer to this as a bit ostrichlike, is it correct to say that we are subsidizing the Canadian National Railways? Are we not really subsidizing Steep Rock Mines Limited?

Mr. Chevrier: No, the twenty cents goes exclusively to the Canadian National Railways.

Mr. Knowles: I still think there is an ostrich in the thing somewhere.

Mr. Green: Has the minister any figures showing the estimated reserves of iron ore at Steep Rock?

Mr. Chevrier: The company reports of 1947 stated that the ore reserves amounted to 71,675,000 tons. That is the last I have.

Mr. Knowles: Getting back to this twenty cents per ton, why should not the Steep Rock people pay that additional twenty cents per ton to the Canadian National Railways so that this money would not have to come out of the public treasury as a subsidy?

Mr. Chevrier: This was done during the war years. This ore was in great demand, and at that time the government came to the conclusion that it would turn over the movement of the ore to the Canadian National Railways and pay it the subsidy, in accordance with the amount of ore that comes out.

Mr. Knowles: Mr. Chairman, we understood that policy in wartime, but the war ended in 1945. This is for the fiscal year 1949-50. How much longer are we, in effect, going to subsidize Steep Rock mines by permitting them to pay twenty cents less per ton than it costs the Canadian National Railways to haul the ore?

Mr. Chevrier: The Steep Rock mine pays $1.12 and the government pays twenty cents.

Mr. Knowles: This is private enterprise. The mines should pay the whole thing.

Mr. Wright: Is there any agreement between Steep Rock mines and the government that this ore will be carried at a specific rate?

Mr. Chevrier: There is no agreement between Steep Rock and the government. There is an agreement between the Canadian National Railways and the government for five million tons.

Mr. Knowles: When this was first adopted it was by order in council under the War Measures Act.

Mr. Chevrier: My information is that it was.

Mr. Knowles: How did we make the transposition from order in council to an item in the estimates?

Mr. Chevrier: It was always covered by an item in the estimates. The Minister of Munitions and Supply, who had the conduct of this, following passage of the order in council, covered it by an item in his estimates.

Mr. Knowles: When the item was put in the estimates in the war years the moral authority for it at any rate was contained in an order in council passed under the War Measures Act. Where is the moral authority for it now?

Mr. Chevrier: Well, there is a contract made between the Canadian National Railways and the government.

Item agreed to.

Airways and airports—

520. Operation and maintenance of municipal and other airports, $530,800.

Mr. Cruickshank: This is not my night for filibustering, so I shall be brief. My question is only for the sake of information. What does this vote mean? I see at page 297 two items for temporary assistance, and material supplied.

Mr. Chevrier: This item provides for the operation all year round of nine public licensed airports leased by municipalities to the Department of Transport. These are at Calgary, Winnipeg, Charlottetown, Lethbridge, Lakehead, Regina, Windsor, Saskatoon and London.

Mr. Murray (Cariboo): Has any provision been made for servicing the airfield at Quesnel, British Columbia?

Mr. Smith (Calgary West): The answer is no.

Mr. Chevrier: There is no item in this estimate covering that.

Item agreed to.

Airways and airports—

521. Care, operation and maintenance of Royal Canadian Air Force airfields transferred to the Department of Transport, $525,072.

Mr. Cruickshank: I should like to speak briefly, because some of the junior members from British Columbia have already spoken too much. The Abbotsford airport is situated in the constituency of Fraser Valley and is used on an average of 20 days in the year owing to the fact that Vancouver airport is fogbound and all Trans-Canada Air Lines aircraft land there. One day last year the minister himself arrived in Vancouver after the fog lifted—much to our disgust, because we had hoped he would have to land at Abbotsford.

Is the Department of Transport paying any rental to the R.C.A.F. or in any way contributing to the field at Abbotsford for use when the Vancouver airport is fogbound?

[Mr. Knowles.]

Mr. Chevrier: This is exclusively an R.C.A.F. airport, and we pay no rental of any kind to the R.C.A.F.

Mr. Cruickshank: Then this item is not clear, because it refers to the care, operation and maintenance of the Royal Canadian Air Force airfields. When the minister's department is using that airfield, should it not pay a share of the cost?

Mr. Chevrier: Abbotsford is one airport which has not been transferred to the department. This vote covers only R.C.A.F. airports which have been declared surplus and turned over to us for operation.

Mr. Cruickshank: Then you make no provision for a fog-free field in British Columbia?

Mr. Chevrier: I say we make no provision for payment at Abbotsford.

Mr. Cruickshank: And you make no provision for that purpose?

Mr. Chevrier: No, we do not.

Mr. Coldwell: What is the position with regard to the use of airfields? For instance, through the mountains there are airfields with station agents placed there by T.C.A., but apparently it is used almost exclusively by C.P.A. What contribution does C.P.A. make to T.C.A. or the Department of Transport for the use of these fields and the services rendered by these station agents? I have in mind places such as Penticton where T.C.A. maintains a stationmaster, or whatever he is called.

Mr. Chevrier: T.C.A. and C.P.A. do not operate airports. It is the civil aviation division of the Department of Transport that does that. The one at Penticton is one of our airports, and is known as an intermediate airport. All the facilities required, such as weather reports, radio and beams are provided and paid for by the Department of Transport.

Mr. Coldwell: Are there payments made by C.P.A.?

Mr. Chevrier: Yes, they pay landing fees, rentals for hangars, storage—if they have any equipment to place in there.

Mr. Coldwell: What do they pay for the beam service?

Mr. Chevrier: There is no payment for the beam service. That is one of the provisions made by the civil aviation branch for the whole of the country; and there is no charge for it.

Mr. Coldwell: And C.P.A. gets that service free of charge from the department?

Mr. Chevrier: And all other airlines do, too.

Mr. Coldwell: They all get it free of charge?

Mr. Chevrier: Yes.

Item agreed to.

Canadian maritime commission—
523. Administration, $182,480.

Mr. Green: During the discussion on the bill to provide for assistance in the construction of Canadian vessels I asked the minister to bring up-to-date figures showing the number of Canadian ocean-going vessels of 1,000 tons gross and over.

Mr. Chevrier: I shall have that information in a moment.

The Deputy Chairman: Shall the item carry?

Mr. Green: No.

Mr. Chevrier: I shall have it for the hon. member, if he will allow the item to pass.

Item agreed to.

Mail subsidies and steamship subventions; western local services—

524. Vancouver and northern ports of British Columbia and Queen Charlotte islands, service between, $345,000; Victoria and westcoast Vancouver island, service between, $60,000.

Mr. Cruickshank: Where subsidies are paid is there any provision under the contract that only British subjects may be employed?

Mr. Chevrier: I do not think there is.

Mr. Cruickshank: I suggest it might be advisable that a provision be placed in the contract so as to protect our merchant seamen from cheap labour being employed by any company subsidized by the taxpayers of Canada.

Mr. Green: This amount of $345,000 is increased from $69,000 last year. Why has there been this increase, and to what company or companies is this subsidy payable?

Mr. Chevrier: This item provides for subsidies on the Prince Rupert-Queen Charlotte islands service, and the Vancouver and northern ports of British Columbia, operated by Union Steamships, for $345,000.

Mr. Green: The whole thing is payable to Union Steamships, is it?

Mr. Chevrier: Yes. The increase is due chiefly to the increase in the cost of materials and operations by way of wages and salaries.

Mr. Green: Are they providing any service which they did not provide last year for the $69,000?

Mr. Chevrier: No, they are not.

Mr. Green: Surely this increase cannot all be accounted for by increased wages and operating expenses. This is a greatly increased subsidy, five times last year's vote.

Mr. Chevrier: I am informed that the increase is due to the cancellation of the stabilization fund. This company was able to get a substantial sum of money from the fund and when that was cancelled they made application for the amount they had received to the steamship subvention branch, and after the auditors had gone into it they approved of this amount.

Mr. Green: Were other subsidies increased to the same extent?

Mr. Chevrier: Those that were in receipt of amounts from the fund; some of them were.

Mr. Cruickshank: Are all companies treated the same? I understand that certain veterans or combinations of veterans formed companies to compete in these services; are they given a share of these subsidies?

Mr. Chevrier: Subsidies are paid only where there is no competition.

Mr. Cruickshank: I cannot understand this large increase in the one year going to one company which apparently has no competition and where there admittedly has been no increase in wages.

Mr. Chevrier: I explained to the hon. member for Vancouver-Quadra that a large portion of the vote was due to the fact that no payment was made to this company out of the stabilization fund and they made application to the maritime commission for the amount they had received from the fund and were granted an amount over and above that which was warranted by the expenditures they were able to establish.

Mr. Green: What happens to a company in competition with this company? The minister has said that there is no competition on this particular run to the northern ports of British Columbia, but this company operates out of Vancouver and when it gets a subsidy that helps the company even though it is paid for the boat operating in the north. There is another company competing with them on the coastal run, although perhaps not as far north as the Queen Charlotte islands. Would that company also get a subsidy?

Mr. Chevrier: Subsidies are granted to the one company only, not to two. I have just had it brought to my attention that according to last year's estimates this company got $388,000; they received $69,000 in the main estimates and $319,000 in the supplementary estimates. They are to receive $345,000 under these estimates, so there is a decrease.

Mr. Cruickshank: My information is that there is another company operating between Westview and Vancouver. Am I to understand that they would not be entitled to a subsidy, that it would automatically go to this one company?

Mr. Chevrier: The Union Steamship Company receives no subsidy with respect to the route my hon. friend refers to.

Item agreed to.

Eastern local services—

525. Baddeck and Iona, N.S., service between, $12,000.

Campobello, N.B., and Lubec, Maine, service between, $3,000.

Dalhousie, N.B., and Miguasha, P.Q., service between, $22,000.

Deer Island, Campobello Island and St. Andrews, N.B., service between, $2,000.

Grand Manan and mainland, N.B., service between, $85,000.

Halifax, Canso and Guysboro, N.S., service between, $20,000.

Halifax, Sherbrooke, Spry Bay and Torbay, N.S., service between, $11,200.

Halifax and ports on west coast of Cape Breton island, service between, $6,000.

Ile aux Coudres and Les Eboulements, P.Q., service between, $16,000.

Ile aux Grues and Montmagny, P.Q., service between, $2,500.

Mulgrave and Arichat, N.S., service between, $25,000.

Mulgrave and Canso, N.S., service between, $64,000.

Mulgrave and Guysboro, N.S., calling at intermediate ports, service between, $16,500.

Murray Bay and north shore of the St. Lawrence, P.Q., winter service between, $50,000.

Owen Sound and ports on Manitoulin island and Georgian Bay, Ont., service between, $65,000.

Pelee island and the mainland, Ont., service between, $11,000.

Pictou, Mulgrave and Cheticamp, N.S., service between, $13,500.

Pictou, N.S., Souris, P.E.I., and the Magdalen islands, service between, $88,000.

Prince Edward Island and Newfoundland, service between, $54,000.

Prince Edward Island and Nova Scotia, service between, $100,000.

Quebec, Natashquan and Harrington, P.Q., service between, $448,000.

Quebec or Montreal and Gaspe, P.Q., calling at way ports, service between, $156,500.

Rimouski, Matane and points on the north shore of the St. Lawrence, P.Q., service between, $125,500.

Riviere du Loup and St. Simeon, and/or Tadoussac, P.Q., service between, $21,000.

Saint John, N.B., and Minas Basin ports, service between, $10,000.

Saint John, N.B., Westport and Yarmouth, N.S., and other way ports, service between, $31,500.

Sydney, N.S., and Bay St. Lawrence, Cape Breton island, calling at way ports, service between, $35,000.

Sydney and Bras d'Or lake ports, west coast of Cape Breton island and Prince Edward Island, service between, $22,500.

Sydney and Whycocomagh, Cape Breton Island, calling at way ports, service between, $20,500.

Yarmouth, N.S., and Boston, Mass., service between, $28,000.

Mr. Green: Could I get an answer to my question?

[Mr. Chevrier.]

Mr. Chevrier: It is pretty lengthy and perhaps my hon. friend would be satisfied if I sent it over to him.

Mr. Green: I should like it on the record.

Mr. Chevrier: May I have unanimous consent to put it on *Hansard* without reading it?

Mr. Knowles: What is it about?

Mr. Chevrier: It is a list of Canadian registered ocean-going dry cargo vessels laid up, and to date there are 26.

Mr. Green: That was only part of the question. I asked the number and tonnage of Canadian ocean-going vessels of 1,000 gross tons and over. The figure is given on page 18 of the report of the Canadian maritime commission for the year 1949 up to March 31, but I asked that that figure be brought down to October.

Mr. Chevrier: As of October 31 there were 118 deep-sea dry cargo vessels built in Canada for war purposes which are now under Canadian registry. Over and above that, as my hon. friend knows, there are 58 vessels which were put under United Kingdom registration and which are due for delivery in Canada in 1950. At the present time there are 26 such war-built vessels laid up for want of cargoes. There are 92 such ships now actually operating under Canadian registry employing about 3,772 men.

As of March 31, 1949, the tonnage of Canadian ocean-going vessels of 1,000 tons gross and over (excluding vessels operated on the great lakes and in the coastal trade) was 981,255 tons. The number of such vessels was 145. As of October 31, 1949, there were 143 vessels of a gross tonnage of 967,310.

Have I unanimous consent to place the statement on *Hansard*?

Some hon. Members: Agreed.

Mr. Chevrier: The statement is as follows:

Canadian registered ocean-going dry cargo vessels laid up.

Acadia Overseas Freighters Ltd.

Cumberland County, Halifax 9/12, laid up.
Digby County, Halifax 11/26, laid up.
Inverness County, Halifax 10/8, laid up.
Pictou County, Halifax 9/11, laid up.
Shelburne County, Halifax 7/26, laid up.
Victoria County, Halifax 9/5, laid up.

Andros Shipping Co. Ltd.

Cliffside, Halifax 11/20, laid up.
Islandside, Halifax 10/3, laid up.
Rockside, Halifax 9/15, laid up.

Argonaut Shipping Co. Ltd.

Argofax, Vancouver 7/25, laid up.
Argobec, Halifax 11/21, laid up.
Argojohn, Halifax 9/22, laid up.
Argovan, Seattle 10/20, laid up.

Federal Commerce & Navigation Co.

Federal Mariner, Halifax 11/22, laid up.
Federal Pioneer, Halifax 11/30, laid up.

Ivor Shipping Co. Ltd.
Ivor Isobel, Tyne 6/29, laid up.
Ivor Jenny, Tyne 7/15, laid up.
Ivor Rita, Tyne 8/6, laid up.

Laurentian Shipping Co.
Laurentian Hill, Penarth 8/12, laid up.

P. & T. Steamship Co.
L'Alouette, Amsterdam 9/15, laid up.

Seaboard Owners Ltd.
Seaboard Enterprise, Tacoma 5/19, laid up.
Seaboard Pioneer, Vancouver 4/29, laid up.
Seaboard Ranger, Halifax 10/11, laid up.
Seaboard Trader, Montreal 9/13, laid up.

Triton Steamship Co.
Triland, Halifax 9/19, laid up.
Triport, Vancouver 6/6, laid up.—(26)

Mr. Black (Cumberland): What steps are being taken to renew the ferry service between Parrsboro, Kingsport and Wolfville on Minas Basin? This ferry service was in operation for 50 years but was discontinued during the war. The boat was especially built for the service and was called the *Kipawo,* the name being made up of the first two letters of the three ports served. The boat was taken over by the navy, used in Newfoundland, sold without loss and the proceeds placed in the consolidated revenue fund of Nova Scotia. Continuous representations have been made to the department and the government to renew this service by boards of trade, town councils, individuals and others. That is the only service in all Canada that was discontinued.

I am sure this was not done for economic reasons, because considerable increases are shown in subsidies paid in connection with other services in Quebec, such as the one between Quebec, Natashquan and Harrington where there is an increase from $127,500 to $448,000. Then there is an increase from $60,000 to $88,000 in connection with the service between Pictou, Nova Scotia, Souris, P.E.I., and the Magdalen islands. In addition there is the large increase of $276,000 in connection with the British Columbia services which we have been discussing.

My views and the views of the different communities that were served are on record and the minister knows what they are. I hope some steps are being taken by the department to renew this service because it saves about 150 miles in travelling between these points. There has been a most unjustifiable denial of a service which has been carried on for 50 years and which was a matter of pride to the people on both sides of the Minas Basin.

Mr. Chevrier: I think my hon. friend will agree with me when I say that before any consideration can be given to granting a subsidy someone must make an application. After all, the maritime commission do not go around the country seeking applicants for subsidies. In this particular case there has not been an application, and until there is the commission cannot deal with it. If my hon. friend knows of any contractor or group of individuals who want to make application, I can assure him that the maritime commission will give it their best consideration.

Up until now there has been no evidence of anyone intending to apply for the service.

Mr. Black (Cumberland): So far as I know, there has been no evidence of the government being prepared and willing to renew the subsidy. So far as I know there is also no evidence or record of the government going about the country and attempting to do justice to this community. Under the pretext and stress of war they went about the country and took from them the service that they had been enjoying for fifty years. I think it is only just that they should go about the country and see what they can do to renew the service they took away from this community.

Mr. McLure: I notice that for the Prince Edward Island-Newfoundland service the vote is the same as last year. There may be something in the supplementaries that I have missed, but the trade will be much greater now since Newfoundland has become the tenth province. I was hoping that a change would be made in this item so that better service could be provided directly to Newfoundland. While I am on my feet, there is another service I should like to mention, the Wood Island-Cariboo ferry, and in this instance also the vote is the same as it was last year. This Northumberland ferry has been giving one of the finest services of any ferry we have. I hope that the Minister of Transport will prevail upon the Minister of Public Works to do the proper dredging that he promised to do last year.

Mr. Fournier (Hull): I did?

Mr. McLure: The ferry people will be able to buy a larger boat if it is properly dredged as the minister promised. We will take that up with him when we come to his estimates. I am also grateful for another vote in these estimates, even though it is not so large. I refer to the one for the service to Souris and the Magdalen islands. We only want one more ferry to complete the transportation system on the island. I thought surely there would have been an estimate for it. I refer to a service between West Point and Buctouche. It was the one ferry that had the most advertising during the recent election campaign. I thought the hon. member

for Prince would have seen to it that there was a good vote in the estimates for the building of a new ferry.

Mr. Macdonnell (Greenwood): That will be for the next election.

Item agreed to.

Mail subsidies and steamship subventions—eastern local services—

926. Halifax, Sherbrooke, Spry bay and Torbay, N.S., service between—further amount required, $2,800.

Halifax and ports on west coast of Cape Breton island, N.S., service between—further amount required, $4,000.

Mulgrave and Arichat, N.S., service between—further amount required, $6,000.

Mulgrave and Canso, N.S., service between—further amount required, $21,000.

Owen Sound and ports on Manitoulin island and Georgian bay, Ont., service between—further amount required, $35,000.

Pelee island and the mainland, Ont., service between—further amount required, $10,000.

Pictou, N.S., Souris, P.E.I., and the Magdalen islands, P.Q., service between—further amount required, $56,000.

Prince Edward Island and Nova Scotia, service between—further amount required, $61,000.

Sydney, N.S., and Bay St. Lawrence, Cape Breton island, calling at way ports, service between—further amount required, $5,000.

Sydney and Bras d'Or lake ports, west coast of Cape Breton island, N.S., and Prince Edward Island, service between—further amount required, $7,500.

Sydney and Whycocomagh, Cape Breton island, N.S., calling at way ports, service between—further amount required, $7,500.

Mr. Green: Is the minister in a position yet to make any announcement concerning the negotiations between Canada and the United Kingdom for Canadian ships to carry some portion of the sterling freights?

Mr. Chevrier: If my hon. friend will only allow me to get through with these estimates, there will be an announcement by the Prime Minister tomorrow.

Item agreed to.

National harbours board—

555. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1949 on any or all of the following accounts: (a) retirement of maturing debentures—Saint John, $85,000; (b) reconstruction and capital expenditures—Halifax, $2,644,000; Saint John, $1,850,000; Quebec, $1,150,000; Three Rivers, $166,000; Port Colborne, $84,000; Churchill, $279,500; generally unforeseen and miscellaneous, $200,000; less amount to be expended from replacement fund, $428,500, $5,945,000.

Mr. Green: I believe some representations have been made to the minister—

Mr. Chevrier: The Prime Minister may not make the statement.

[Mr. McLure.]

Mr. Green: You cannot bluff me that way. The Prime Minister should have made the statement before now. I believe representations have been made to the minister as to the lack of recreational facilities in certain Canadian ports for British and foreign seamen using those ports. The suggestion is made that the national harbours board could give some assistance with these facilities. It appears that in many of the leading foreign ports, which our own Canadian sailors are visiting from time to time, there are much better facilities than in some of the Canadian harbours. Has the minister given any consideration to the suggestion?

Mr. Chevrier: I have received no representations at all, and I am not aware of any. The chairman of the national harbours board tells me he is not aware of any.

Mr. Green: I have here a copy of a letter sent to the minister on March 28, 1949, by a Mr. George L. Patterson.

Mr. Chevrier: That is not the same thing.

Mr. Green: That is what is in the letter.

Mr. Chevrier: I read Mr. Patterson's letter very carefully and replied to him. In fact I told him it was a matter which should receive the attention equally of the Minister of National Health and Welfare. If my memory serves me right, in his letter to me there was no suggestion that the national harbours board should assist in the provision of recreational facilities.

Mr. Green: I will let the minister have this copy of the letter. The suggestion is made that the national harbours board would be the best body to step into the picture.

Mr. Chevrier: I shall be glad to look at it.

Mr. Hatfield: I should like to ask the minister about the vote for Saint John harbour, $1,850,000. What is that for?

Mr. Chevrier: Most of the money is for expenditure on the contract for the construction of the Macleod and Pettingill wharf.

Item agreed to.

Deficits—Transport—

556. Amount required to provide for the payment during the fiscal year 1949-50 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1949, $1,159,000.

Mr. McLure: I regret the minister did not correct this item and put it under the proper heading. He has it under deficits.

Mr. Chevrier: I am also sorry I did not.

Item agreed to.

National harbours board—

935. Advances to national harbours board, subject to the provisions of section 29 of National Harbours Board Act, to meet expenditures applicable to the calendar year 1949 on the following account: retirement of maturing bonds—Montreal—further amount required, $1,995,000.

Mr. Black (Cumberland): Is any provision being made to take over the operation of the harbour at St. John's, Newfoundland?

Mr. Chevrier: Does the hon. member mean in so far as the national harbours board is concerned?

Mr. Black (Cumberland): Yes.

Mr. Chevrier: Consideration has been and is still being given to whether or not it should be taken over as a port under the national harbours board administration or under the Department of Transport. While there are indications as to what will happen, no decision has yet been taken.

Mr. Black (Cumberland): Could the minister not take members into his confidence? We have been giving him a good many millions of dollars. I do not think he should keep any secrets from us.

Mr. Chevrier: I have no intention of doing so, but until a decision has been reached I do not think I should announce it to the house.

Item agreed to.

Marine service—

716. Marine service steamers, including icebreakers—maintenance, operation and repairs—further amount required, $115,000.

The Deputy Chairman: I shall now call the supplementary items which have not been dealt with so far. I refer particularly to item 716 and following. They will be found on page 8 of the supplementary estimates. These items relate to marine service, air service, civil aviation division, and so on.

Mr. Green: These are Newfoundland items?

Mr. Chevrier: Yes.

The Deputy Chairman: The explanations have been given previously, but these supplementaries and further supplementaries were not called at the time.

Mr. Chevrier: Yes.

911. Departmental administration—further amount required, $20,000.

Mr. Knowles: Can the minister tell us what is the status, or make any comment on the situation which now obtains in view of the remarks made by certain justices of the supreme court with respect to the actions of the board of transport commissioners concerning freight rates? Where do we go from here?

Mr. Chevrier: My hon. friend is very kind to invite me into a discussion of a case now pending before the Supreme Court of Canada. I think I would be extremely ill-advised to make any comment on that matter. I read the report which appeared in this morning's press, but I have no intention of discussing, either directly or indirectly, any case which is before the Supreme Court of Canada. It is *sub judice* and should not be discussed, certainly not by the minister and, I say respectfully, not by the house.

Mr. Knowles: Surely the minister has as much freedom as the press.

Item agreed to.

Special—

919. To provide for the expenses of the royal commission on national transportation, $300,000.

Mr. Green: Will the minister explain how this item is made up?

Mr. Chevrier: These expenses are for the royal commission on transportation, which is sitting at the moment. It is made up as follows: temporary assistance, $12,000; professional services, $241,000; travelling expenses, $12,000; telegraph, telephones and postage, $2,000, and various other small items.

Mr. Green: I do not want to take more than a minute, but I suggest this is an example of the costliness of royal commissions. I have no doubt this commission is doing good work; I know it is composed of splendid men. They rolled into Vancouver in a special train of six cars, I think, for twenty-three or twenty-four individuals. Expenses of this kind are pretty high, and I wonder what check is kept on the expenditures of these various royal commissions.

Mr. Chevrier: I can assure the hon. gentleman that no part of the money covered by this item went to provide that train.

Mr. Green: What vote does that come under?

Mr. Chevrier: No vote. The cars were provided by the Canadian National and the Canadian Pacific at their own expense.

Mr. Black (Cumberland): May I ask who were the solicitors who received this $241,000 for professional services?

Mr. Chevrier: There are no solicitors.

Mr. Black (Cumberland): This is for professional services.

Mr. Chevrier: I should not have said there are no solicitors. I should have said there

are both solicitors and technical men, economists and the like. The chairman gets $10 per day plus living allowance. One of the commissioners gets $50 per day plus living allowance, and another commissioner gets the same. One counsel gets $200 a day and another gets $150 a day.

Mr. Black (Cumberland): Would the minister give the names of these counsel?

Mr. Chevrier: Right Hon. J. L. Ilsley was paid at that rate for a time, and later was succeeded by Mr. Frank H. Covert of Halifax. The assistant counsel was Mr. Pierre Desmarais, who is in receipt of $150 per day. The secretary is in receipt of $40 per day, and the assistant secretary $25 per day.

Mr. Black (Cumberland): Who took the place of Mr. Ilsley?

Mr. Chevrier: Mr. Covert of Halifax.

Item agreed to.

920. Grant to the province of Manitoba towards the erection of a school building at Churchill, Manitoba, $30,000.

Mr. Knowles: I want to take a moment to say I am very glad to see this item in the estimates. I well recall, as does the minister, the persistent efforts of the former member for Churchill, Mr. Ronald Moore, in support of this proposal. Many times he invited the minister to bring in an item of this kind. He is not here now to see it, but I am sure the present member for Churchill and all the rest of us are glad—

Some hon. Members: Carried.

Mr. Knowles: One would think those hon. members would like to listen when a bouquet is handed out once in a while. I am sure all who are interested in northern Manitoba and in education will be happy to learn that provision will now be made for a school for the children at the port of Churchill.

Item agreed to.

The Deputy Chairman: Shall I report progress, or shall we go on and take up national health and welfare?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Smith (Calgary West): Let me make a suggestion, which I hope will meet with unanimous approval. I know the minister has a very interesting further statement to make on two wonder drugs, and I wonder if we could not continue just long enough to permit him to do so.

Mr. Knowles: I would agree to that, providing we are not asked to go on and discuss items after that.

[Mr. Chevrier.]

The Deputy Chairman: Then it is understood the minister will make his statement tonight.

Mr. Coldwell: How long is it going to take the minister to make the statement?

Mr. Smith (Calgary West): Twelve minutes.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

252. Departmental administration, $794,605.

Hon. Paul Martin (Minister of National Health and Welfare): I had intended to make a statement on the next item, but in view of the suggestion of the hon. member for Calgary West it might be advisable to make it at this time.

The committee will recall the statement I made the other evening with respect to cortisone and ACTH, and the circumstances surrounding them, which I felt could be made public at that time. In view of certain conferences which have since taken place here in Ottawa and elsewhere, it is now possible to supplement that statement.

On November 28 I announced that limited supplies of cortisone manufactured in the United States would be made available after January 1 by Merck and Company Limited, Montreal, for research to be undertaken in Canada. Today I can reveal that, as a result of negotiations that have been going on for some time, Connaught Medical Research Laboratories at the university of Toronto are going to undertake immediately to get production of ACTH under way in Canada for investigation and clinical research by Canadian scientists.

The federal government, the Canadian packing industry and the university of Toronto are all co-operating in the project of producing ACTH in Canada. Supplies of ACTH made available in this country will be allocated exclusively for research by a special committee of eminent Canadian medical men named by the president of the national research council. This committee, besides advising on the allocation of ACTH, will approve financial support for research on both ACTH and cortisone to ensure that all available facilities in Canada are fully utilized to speed the research program. The cost, estimated at about three-quarters of a million dollars in the first instance, will be provided for by the federal government through the national health grants and the national research council.

ACTH, like cortisone, seems to hold promise for the treatment of a number of diseases, but since on the basis of present knowledge only exceedingly small quantities of these drugs can be produced, they will be used exclusively for research to determine their

full effects, to discover new or improved methods of production, and to study the possibility of developing related products having similar effects. Only by limiting these drugs strictly for research purposes now can we hope for progress in finding out how to produce enough for whatever treatment purposes are proved to be of lasting value.

The medical scientists with whom there has been collaboration have urged that persons suffering from arthritis or other disease for which ACTH and cortisone are possible remedies should not neglect the treatment they may presently be taking. As I mentioned in the house a few days ago, with Dr. Cameron, deputy minister of National Health and Welfare, I had an opportunity in New York recently of discussing these drugs with Drs. Hench and Kendall of the Mayo clinic, who are best known among the many scientists who have been associated with their development and use. Both emphasized to us that no responsible prediction could be given as to when adequate quantities of cortisone will be available for treatment purposes. Canadian medical scientists have urged me to state that the same is true for ACTH.

ACTH—known to scientists as the adrenocorticotrophic hormone—is a substance obtained from the tiny pituitary gland located in the centre of the brain of animals. It gives promise of highly important discoveries which may lead to advances in the treatment of a number of diseases. It is, for example, believed to stimulate the body to produce its own cortisone, which has already been found by Drs. Kendall and Hench of the Mayo clinic to produce "encouraging results" in the treatment of certain types of arthritis.

Up to the present, ACTH is being extracted from the pituitary glands of hogs. This gland is about the size of a pea and only a fraction of it contains the hormone. It is estimated that 1,700 hogs produce a pound of glands, and that 400,000 hogs are needed to yield a pound of ACTH.

At present, the entire production of ACTH in the United States is 60 pounds per year, enough for the continuous treatment of only a thousand patients. ACTH can also be obtained from the glands of cattle and sheep, but the yield is not nearly as large as from hogs.

What I am going to say now is said in part with the view of placing on the record the contribution made in this highly important field by our own Canadian scientists—medical men and chemists, particularly steroid chemists.

Since the interest and help of the Canadian packing industry is assured, the maximum amount of glands will be collected. This entails special arrangements being made, as the glands must be quickly removed from the slaughtered animal, frozen and kept frozen until processed. Dr. R. D. Defries, the director of the Connaught Medical Research Laboratories, is my authority for saying that during the past few months Armour Laboratories in Chicago have been able to forward limited supplies of ACTH to a few centres in Canada for investigation. Although chemists in Canadian laboratories have been interested in this material for some time there has as yet been no production here of this drug in more than the most minute experimental quantities.

To ensure a continuing supply of ACTH in this country without drawing heavily upon the necessarily restricted supply available for research in the United States, it is planned to use as large a quantity as possible of pituitary glands from Canadian sources. Small quantities will be used at first to develop a method of production in the Connaught Laboratories and the balance will be forwarded to Armour Laboratories in Chicago, who have developed successful processing techniques and will make a supply of ACTH available for use in this country. I am further empowered to state that as soon as production is well established, in keeping with the general policy of this widely known research organization, the product will be made available at the minimum cost.

To assist in financing this undertaking, with the co-operation of the Ontario department of health, a federal grant has been approved from the funds available for public health research under the national health program. An equal amount is being granted by the medical division of the national research council. These grants will be used for developing the process of production.

In the initial stage of making ACTH and cortisone available for research in Canada, an expenditure of as much as three quarters of a million dollars will probably be required during the first year. It is not possible yet to predict the probable cost in succeeding years. The material purchased by these funds will be very limited and sufficient, as I have already emphasized, for research purposes only.

In order to have a supply of ACTH for assay purposes, the food and drug laboratories of the Department of National Health and Welfare have made arrangements with Canada Packers of Hull for enough hog pituitary glands for the preparation in Ottawa of very limited quantities of ACTH.

The product of this federal laboratory will be tested for potency and stability against preparations of known strength prepared in Chicago and Toronto. It will then be assigned a potency value and retained as a reference standard for the testing of preparations from all manufacturers. This work is being directed by Dr. L. I. Pugsley, chief of the laboratory services in the food and drug division, who in 1933 worked with Dr. J. B. Collip, then professor of biochemistry at McGill university, on some of the first studies made of ACTH. This Ottawa project is the immediate responsibility of W. D. Snair, who has had considerable experience in the preparation and assay of ACTH, having taken his M.Sc. degree in this branch of endocrinology at the university of Toronto.

The development of ACTH and cortisone is an outstanding example of international co-operation in medical research, and of the value of the free interchange of scientific information. It is a notable fact that although the first regular production of both ACTH and cortisone has taken place in the United States, Canadian scientists have been kept fully advised and are co-operating in this undertaking. For several months we have received progress reports from the officers of our department, and also from Canadian scientists who have attended meetings of the committee of the National Academy of Science in Washington that was established to correlate information in this field. We have also established liaison with those who perhaps can be described as mainly responsible for the development of these new drugs.

Early in the 1920's American research scientists demonstrated that the functioning of the adrenal cortex is under the influence of the anterior pituitary, a tiny gland controlling growth and sexual development as well as influencing the functioning of the adrenal and thyroid glands. In 1933 Dr. J. B. Collip, one of our outstanding research men, then at McGill and now dean of medicine at the university of Western Ontario, demonstrated that what had been believed to be a single, simple hormone from the anterior pituitary gland could be broken up into fractions to perform several functions. One of these fractions is ACTH.

In this work Dr. Collip was assisted by Dr. Evelyn Anderson, now in the United States public health service, and Dr. D. L. Thomson, now dean of graduate studies and research at McGill university. The first report of these studies was published in the English medical journal, the *Lancet*, in August 1933. Dr. Hans Selye, also working at McGill at this time, who is now head of the institute of experimental medicine and surgery at the university of Montreal, devised a practical method of removing the minute pituitary glands in animals used for experimental purposes.

Three years later, Dr Selye first announced his theory—which is of great interest—about the body's defensive mechanisms against injury and disease and the way in which they involve the pituitary-adrenal linkage.

It was not until several years later that—at about the same time—Dr. C. H. Li and Dr. H. M. Evans of the university of California and Drs. Sayers, White and Long of Yale university, obtained purified ACTH from the anterior pituitary glands of sheep and swine. Dr. Long also worked at McGill university for some years.

In 1947, J. B. Fishman of Yale university developed a method of preparing ACTH which gave yields considerably higher than those obtained by previous workers, and last year Dr. Li's work opened up the possibility of synthesizing ACTH. Also in 1948, Dr. J. S. L. Browne, professor of medicine at McGill university, and his associates carried out studies on the metabolic effects of ACTH on the human system.

As yet it is beyond the powers of scientists to produce these drugs in quantity. Efforts are being made to find better sources or less complicated and time-consuming production methods. Meanwhile, we are ensuring that funds will be available in Canada to further all useful lines of investigation both into the production and the use of these drugs. To do this we must resolutely conserve them exclusively for research purposes as this is the surest guarantee of shortening the time that must elapse—and it might be a very long time—before they can be made available for all that they can benefit.

I have made this statement in collaboration, of course, with the officers of my department, but also in collaboration with some of the men whose names I have mentioned and who have deemed it necessary to state some of the things I have said. I have done so because of the great importance attached to cortisone and ACTH by leading authorities in Canada, and indeed all over the world. The considerable resources of Canadian scientific research are now being mobilized to ensure a worth-while Canadian contribution in a matter so important to humanity.

Item stands.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Mr. Speaker, tomorrow we should like very much to take up the remaining departments. To indicate at least the procedure for some time we shall take up justice at eleven o'clock and continue for perhaps an hour. Then we shall revert to health and welfare, and then mines and resources, veterans affairs—I understand there are four or five items remaining—the remaining items of agriculture, and then trade and commerce. If we have time we shall proceed with the others.

Mr. Casselman: Trade and commerce the last?

Mr. Fournier (Hull): That is the last.

Mr. Fleming: In that order?

Mr. Fournier (Hull): As much as possible. We shall start off with justice and then health and welfare.

It being 11.20 p.m., the house adjourned, without question put, pursuant to standing order.

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

POST OFFICE DEPARTMENT

307. Departmental administration, $1,441,235.

308. Post offices, including salaries and other expenses of headquarters and staff post offices and supplies and equipment for revenue post offices, $37,804,896.

309. Inspection and investigation, $1,684,665.

310. Railway mail service, $15,614,667.

311. Air and land mail services, $22,743,141.

312. Audit of revenue, money order, postal note and savings bank business; issue of postage stamps and postal notes, $2,168,600.

Pensions and other benefits—

313. To provide for the payment of compassionate allowances to employees injured while in the performance of their duties, or to other persons injured while performing duties in any way connected with the postal service, or in protecting His Majesty's mails, or to the dependents of such employees or other persons who may be killed while so engaged; payments to be made only on the specific authority of the governor in council, $5,000.

699. Departmental administration—further amount required, $31,900.

700. Post offices, including salaries and other expenses of headquarters and staff post offices and supplies and equipment for revenue post offices—further amount required, $436,972.

701. Inspection and investigation—further amount required, $120,500.

702. Railway mail service—further amount required, $308,400.

703. Air and land mail services—further amount required, $220,000.

847. Air and land mail services—further amount required, $80,000.

848. Audit of revenue; money order, postal note and savings bank business; issue of postage stamps and postal notes—further amount required, $100,000.

Pensions and other benefits—

849. To authorize the governor in council to grant, under the terms of the Civil Service Superannuation Act, an annual allowance of $611.41 to Mrs. Elizabeth Meredith Doyle, formerly a clerk, grade 2, in the financial branch, Post Office Department, Ottawa, effective from 6th September, 1945, date she reached the age of sixty-five years, in lieu of the withdrawal allowance of $1,661.04 authorized by order in council P.C. 263/1367, dated 14th June, 1932, which also authorized the removal of her name from the list of employees of the department, effective 13th May, 1932, because of married status, $1.

DEPARTMENT OF EXTERNAL AFFAIRS

A—Department and missions abroad—

51. Departmental administration, $2,170,510.

52. Passport office administration, $161,907.

53. Representation abroad—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff appointed as directed by the governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $5,172,363.

54. To authorize the use during the fiscal year 1949-50 in payment for the acquisition, improvement or furnishing of properties for Canadian government offices and residences in foreign countries of inconvertible foreign currencies from deposits of such currencies which may be used only for governmental or other limited purposes in these countries and which have been received by the government of Canada from other governments in settlement of claims arising out of military operations or war expenditures, $1.

55. To provide for hospitality in connection with visitors from abroad, $25,000.

56. To provide for relief of distressed Canadian citizens abroad and for the reimbursement of the United Kingdom for relief expenditures incurred by its diplomatic and consular posts on Canadian account, $15,000.

57. Canadian representation at international conferences, $225,000.

58. Expenses of the Canadian delegation to the international civil aviation organization, including salaries of the Canadian delegate and staff, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments, $22,300.

59. Canadian section of Canada-U.S. Permanent Joint Board on Defence, $2,500.

60. Grant to United Nations Society in Canada, $5,000.

B—General—The Canadian government's assessment for membership in the following international or commonwealth organizations—

61. United nations, $1,335,000.

Specialized agencies—

62. Food and agricultural organization of the united nations, $191,000.

63. International labour organization, $190,500.

64. United nations educational, scientific and cultural organization, $306,500.

65. World health organization, $108,000.

Commonwealth organizations—

66. Commonwealth communications council, $8,100.

67. Commonwealth economic committee, $21,500.

68. Commonwealth shipping committee, $700.

International joint commission—

69. To provide for preliminary studies and surveys of the midwestern watershed (revote), $26,000.

Demobilization and reconversion—

70. To provide for the Canadian government's contribution to the international refugee organization, $5,425,000.

A—Department and missions abroad—

766. Departmental administration—further amount required, $117,500.

767. Passport office administration—further amount required, $16,750.

768. Representation abroad—including payment of salaries of high commissioners, ambassadors, ministers plenipotentiary, consuls, secretaries and staff appointed as directed by the governor general in council, notwithstanding anything to the contrary in the Civil Service Act or any of its amendments—further amount required, $131,044.

B—General—

The Canadian government's assessment for membership in the following international or commonwealth organizations—

769. United nations organization—further amount required, $33,900.

Specialized agencies—

770. Food and agricultural organization of the united nations—further amount required, $10,100.

771. International labour organization—further amount required, $18,900.

772. United nations educational, scientific and cultural organization—further amount required, $7,100.

773. World health organization—further amount required, $256,391.

774. International civil aviation organization, $138,759.

775. Canada's contribution to the administration of the general agreement on tariffs and trade, $20,750.

International civil aviation organization—

776. To provide the international civil aviation organization with office accommodation at cost, $63,927.

International joint commission—

777. To provide for Canada's share of an investigation on the matter of air pollution in the vicinity of Detroit and Windsor, $33,000.

Demobilization and reconversion—

778. Near East relief, $65,000.

779. International children's emergency fund, $1,075,000.

DEPARTMENT OF TRANSPORT

Canals service—

455. Canals service—administration, $81,400.

456. Canals—operation and maintenance, $3,809,650.

457. Canals—construction and improvements (revote $910,000), $3,588,333.

458. To provide for expenses in connection with St. Lawrence ship canal surveys and investigations, $20,000.

459. Supervision and control of water diverted for the hydro electric power development of the Beauharnois Light, Heat and Power Company, Limited, $2,500.

Marine service—

460. Marine service administration, $17,830.

461. Administration of floating equipment, $31,900.

462. Nautical service administration, $490,670.

463. Marine service steamers, including icebreakers—maintenance, operation and repairs, $2,985,978.

464. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers, $4,036,891.

465. Agencies—salaries and office expenses, $371,414.

466. Maintenance and repairs to wharves, $5,000.

467. To provide for breaking ice in Thunder Bay, Lake Superior and other points deemed advisable in the interests of navigation, $30,000.

468. To provide for Canada's share of the cost of the North Atlantic ice patrol, $20,000.

469. Administration of pilotage, including authority for temporary recoverable advances; contributions, and the operation and maintenance, as required of necessary pilot vessels in certain pilotage districts, $270,965.

470. Life saving service, including rewards for saving life (revote $129,240), $404,710.

471. To provide subsidies for wrecking plants—Quebec and British Columbia, $65,000.

472. Grants of $300 each to the Royal Arthur Sailors' Institute at Port Arthur, Ontario and the Welland Canal Seamen's Institute, $600.

473. Miscellaneous services relating to navigation and shipping, including grants as detailed in the estimates; and provision to settle claims by the board of trade, London, England, for expenses incurred, in respect of Canadian distressed seamen of British ships registered out of Canada, $106,207.

474. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines, $336,000.

475. Marine signal service, $142,770.

476. River St. Lawrence ship channel—contract dredging in the St. Lawrence river and Montreal harbour, including cost of administration—capital, $3,124,055.

477. River St. Lawrence ship channel—operation and maintenance, $622,258.

478. To provide towards the construction of a service vessel for the eastern arctic patrol (estimated cost $2,400,000)—capital (revote $825,000), $2,100,000.

479. To provide towards the construction of a lighthouse supply and buoy vessel for the east coast (estimated cost of $1,890,000)—capital (revote $700,000), $1,400,000.

480. To provide towards the construction of a lightship for the port of Saint John, N.B. (estimated cost $741,850)—capital (revote $520,000), $681,000.

481. To provide for the construction of a general service workboat to be operated out of Parry Sound, Ont. agency—capital (revote $30,000), $41,500.

482. To provide towards the construction of a lighthouse supply and buoy vessel for the west coast (estimated cost $900,000)—capital, $899,000.

Railway service—

483. Repairs and expenses in connection with the operation and maintenance of official railway cars under the jurisdiction of the department, $64,000.

484. Hudson Bay Railway—construction and improvements—capital (revote $80,000), $168,000.

485. Hudson Bay Railway—to provide for the difference between the expenditures for operation and maintenance and revenue accruing from operation during the year ending March 31, 1950, not exceeding $500,000.

486. Prince Edward Island car ferry and terminals—construction and improvement of terminal facilities—capital (revote $1,372,000), $1,400,000.

487. Strait of Canso—transportation improvements and facilities—capital (revote), $500,000.

Maritime Freight Rates Act—

488. To hereby authorize and provide for the payment from time to time during the fiscal year 1949-50 to the Canadian National Railway Company of the difference (estimated by the Canadian National Railway Company and certified by the auditors of the said company to the Minister of Transport as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (upon the same basis as set out in section 9 of the said act with respect to companies therein referred to) on all traffic moved during the calendar year 1949 under the tariffs approved on the eastern lines (as referred to in section 2 of the said act) of the Canadian National Railways, $5,503,000.

489. Amount required to provide for payment from time to time during the fiscal year 1949-50 of the difference (estimated by the Board of Transport Commissioners for Canada and certified by the said board to the Minister of Transport, as and when required by the said minister) occurring on account of the application of the Maritime Freight Rates Act, between the tariff tolls and the normal tolls (referred to in section 9 of the said act) on all traffic moved during the calendar year 1949 under the tariffs approved by the following companies: Canada and Gulf Terminal Railway; Canadian Pacific Railway, including: Fredericton and Grand Lake Coal and Railway Company and New Brunswick Coal and Railway Company; Cumberland Railway and Coal Company; Dominion Atlantic Railway; Maritime Coal, Railway and Power Company; Sydney and Louisburg Railway; Temiscouata Railway Company, $1,400,000.

490. Canadian government railways—repairs to Ogden Point piers, Victoria, B.C., $165,000.

Government employees' compensation—

491. Administration of the Government Employees' Compensation Act, $59,275.

Pensions and other benefits—

492. Compassionate allowance to recoup the workmen's compensation board of British Columbia in continuation of a pension granted and to be paid by that board up to the 31st March, 1950, in the sum of $40 per month to the widow of the late E. J. McCoskrie, who was formerly employed as port warden at Prince Rupert, B.C., and who was killed while in the performance of his duties, $480.

493. Amount required to pay pensions at the rate of $300 per annum to former pilots: Alphonse Asselin, Raoul Lachance, Adélard DeLisle, George Larochelle, Wilhelm Langlois, Arthur Baquet, Auguste Santerre, Jules Lamarre, Alexander Larochelle, $2,700.

494. Railway employees' provident fund—to supplement pension allowances under the provisions of the Intercolonial and Prince Edward Island Railway Employees' Provident Fund Act so as to make the minimum payment during the period January 1, 1949, to March 31, 1950, the sum of $30 per month instead of $20 as fixed by the said act, $16,000.

Air service—

495. Air transport board—salaries and office expenses, $188,745.

496. Air service administration, $129,775.

Civil aviation division—

497. Control of civil aviation, including the administration of the Aeronautics Act and regulations issued thereunder, $645,124.

Airways and airports—

498. Construction and improvements, including radio facilities; and to authorize commitments against future years in the amount of $100,000 (revote $2,303,650)—capital, $13,097,300.

Operation and maintenance—

499. Civil aviation services, $3,842,568.

500. Radio aviation services, $4,097,050.

501. Airway and airport traffic control, $945,044.

502. Grants to organizations for the development of civil aviation, in the amounts detailed in the estimates, $310,000.

503. Contributions, subject to the approval of the governor in council, to assist municipalities to improve existing airports, the sites of which have been provided by such municipalities (revote $164,000), $264,000.

504. To provide for a dominion contribution to the improvement and reconstruction of the road between Patricia Bay airport, Vancouver island, and the city limits of Victoria, B.C., subject to the completion of an agreement between the dominion and the province of British Columbia, $150,000.

505. To authorize contribution of an amount not exceeding $30,420 to the state of Michigan, U.S.A., Department of Aeronautics, towards the cost of operation and maintenance of certain airways facilities at Grand Marais, Michigan, for use of Canadian aircraft, $30,420.

506. Contribution to the international civil aviation organization as Canada's portion of the financial assistance to the government of Iceland in respect of the provision, operation and maintenance of certain air navigation services, $48,000.

Northwest communication system—

507. Additions and betterments, including transport equipment—capital—formerly under demobilization and reconversion estimates, $500,000.

508. To provide for the difference between the expenditures for operation and maintenance and revenue accruing from operations during the year ending March 31, 1950—formerly under demobilization and reconversion estimates, $343,016.

Meteorological division—

509. Meteorological services, $4,840,315.

510. Construction and improvements, $587,500.

Radio division—

511. Administration of the Radio Act and regulations, $1,075,425.

512. Radio direction finding stations, radio beacons and radio telegraph stations, operation and maintenance, $1,778,283.

513. Suppression of radio interferences, $357,978.

514. Issue of radio receiving licences—(Transport Department only), $666,254.

Telegraph and telephone service—

515. Administration, operation and maintenance, $1,263,060.

516. Construction and improvements, $524,192.

Demobilization and reconversion—Director of merchant seamen—now included in ordinary estimates—

517. Acquisition of properties in Canada for United States authorities, $24,000.

Railway and steamship service—

518. Steep Rock mines—construction, $59,500.

519. Steep Rock mines—subsidy, $240,000.

Supply

Air service—civil aviation division—airways and airports—

520. Operation and maintenance of municipal and other airports, $530,800.

521. Care, operation and maintenance of Royal Canadian Air Force airfields transferred to the Department of Transport, $525,072.

522. North East (Crimson) staging route—maintenance of airfields, $19,825.

B—Canadian maritime commission—

523. Administration, $182,480.

Mail subsidies and steamship subventions—western local services—

524. Vancouver and northern ports of British Columbia and Queen Charlotte islands, service between, $345,000.

Victoria and west coast Vancouver island, service between, $60,000.

Eastern local services—

525. Baddeck and Iona, N.S., service between, $12,000.

Campobello, N.B., and Lubec, Maine, service between, $3,000.

Dalhousie, N.B., and Miguasha, P.Q., service between, $22,000.

Deer island, Campobello island and St. Andrews, N.B., service between, $2,000.

Grand Manan and mainland, N.B., service between, $85,000.

Halifax, Canso and Guysboro, N.S., service between, $20,000.

Halifax, Sherbrooke, Spry Bay and Torbay, N.S., service between, $11,200.

Halifax and ports on west coast of Cape Breton island, service between, $6,000.

Ile-aux-Coudres and Les Eboulements, P.Q., service between, $16,000.

Ile-aux-Grues and Montmagny, P.Q., service between, $2,500.

Mulgrave and Arichat, N.S., service between, $25,000.

Mulgrave and Canso, N.S., service between, $64,000.

Mulgrave and Guysboro, N.S., calling at intermediate ports, service between, $16,500.

Murray Bay and north shore of the St. Lawrence, P.Q., winter service between, $50,000.

Owen Sound and ports on Manitoulin island and Georgian bay, Ont., service between, $65,000.

Pelee island and the mainland, Ont., service between, $11,000.

Pictou, Mulgrave and Cheticamp, N.S., service between, $13,500.

Pictou, N.S., Souris, P.E.I., and the Magdalen islands, service between, $88,000.

Prince Edward Island and Newfoundland, service between, $54,000.

Prince Edward Island and Nova Scotia, service between, $100,000.

Quebec, Natashquan and Harrington, P.Q., service between, $448,000.

Quebec or Montreal and Gaspe, P.Q., calling at way ports, service between, $156,500.

Rimouski, Matane and points on the north shore of the St. Lawrence, P.Q., service between, $125,500.

Riviere-du-Loup and St. Simeon, and/or Tadoussac, P.Q., service between, $21,000.

Saint John, N.B., and Minas Basin ports, service between, $10,000.

Saint John, N.B., Westport and Yarmouth, N.S., and other way ports, service between, $31,500.

Sydney, N.S., and Bay St. Lawrence, Cape Breton island, calling at way ports, service between, $35,000.

Sydney and Bras d'Or lake ports, west coast of Cape Breton island and Prince Edward Island, service between, $22,500.

Sydney and Whycocomagh, Cape Breton island, calling at way ports, service between, $20,500.

Yarmouth, N.S,. and Boston, Mass., service between, $28,000.

Non-active accounts—national harbours board—

555. Advances to national harbours board, subject to the provisions of section 29 of the National Harbours Board Act, to meet expenditures applicable to the calendar year 1949 on any or all of the following accounts: (a) Retirement of maturing debentures—Saint John, $85,000; (b) Reconstruction and capital expenditures—Halifax, $2,644,000; Saint John, $1,850,000; Quebec, $1,150,000; Three Rivers, $166,000; Port Colborne, $84,000; Churchill, $279,500; generally unforeseen and miscellaneous, $200,000; less amount to be expended from replacement fund, $428,500, $5,945,000.

Deficits—Transport—

556. Amount required to provide for the payment during the year 1949-50 to the Canadian National Railway Company (hereinafter called the national company) upon applications approved by the Minister of Transport made from time to time by the national company to the Minister of Finance and to be applied by the national company in payment of the deficit (certified by the auditors of the national company) in the operation of the Prince Edward Island car ferry and terminals arising in the calendar year 1949, $1,159,000.

National harbours board—

557. To provide for payment to national harbours board, of the amount hereinafter set forth, to be applied in payment of the deficit (exclusive of interest on dominion government advances and depreciation on capital structures) arising in the calendar year 1949, in the operation of Churchill harbour, $111,435.

558. Advances to national harbours board with interest at a rate to be fixed by the governor in council for such period and upon such terms and conditions as the governor in council may determine, to be applied in payment of deficits resulting from the operations of the Jacques Cartier bridge, $60,087.

Loans and investments—national harbours board—

559. Advances to national harbours board, subject to the provisions of section 29 of National Harbours Board Act, to meet expenditures applicable to the calendar year 1949 on any or all of the following accounts: (a) Retirement of maturing bonds—Montreal, $20,049,750; (b) Reconstruction and capital expenditures—Montreal, $1,199,400; Vancouver, $32,700; less amount to be expended from replacement funds, $50,900, $1,181,200.

Marine service—

716. Marine service steamers, including ice-breakers—maintenance, operation and repairs—further amount required, $115,000.

717. Construction, maintenance and supervision of aids to navigation, including salaries and allowances to lightkeepers—further amount required, $592,580.

718. Miscellaneous services relating to navigation and shipping—further amount required, $18,200.

719. Steamship inspection and the carrying out of the provisions of the conventions for the safety of life at sea and load lines—further amount required, $40,000.

Air service—Civil aviation division—Airways and airports—

720. Construction and improvements, including radio facilities—capital—further amount required, $449,500.

Operation and maintenance—

721. Civil aviation services—further amount required, $3,777,082.

722. Radio aviation services—further amount required, $415,000.

723. Airway and airport traffic control—further amount required, $46,000.

Meteorological division—

724. Meteorological services — further amount required, $77,000.

725. Construction and improvements—further amount required, $61,000.

Radio division—

726. Radio direction finding stations, radio beacons, and radio telegraph stations, operation and maintenance—further amount required, $119,500.

727. Suppression of radio interferences—further amount required, $20,700.

728. Issue of radio receiving licences—(Transport department only)—further amount required, $8,240.

Telegraph and telephone service—

729. To provide for the difference between the expenditures for operation and maintenance, and revenue accruing from the operation of the Canadian government telegraph and telephone services in Newfoundland during the year ending March 31, 1950, not exceeding $350,000.

730. Construction and improvements — further amount required, $300,000.

A—Department—

911. Departmental administration—further amount required, $20,000.

Canals service—

912. Canals service — administration — further amount required, $2,500.

913. Canals—operation and maintenance—further amount required, $35,430.

914. Canals—Construction and improvements—further amount required, $238,700.

Marine service—

915. Administration of pilotage, including authority for temporary recoverable advances; contributions, and the operation and maintenance, as required, of necessary pilot vessels in certain pilotage districts—further amount required, $14,700.

916. To provide towards the construction of an icebreaking vessel to meet the St. Lawrence and northern transportation requirements (estimated cost $5,000,000)—capital, $1,000,000.

Railway service—

917. Prince Edward Island car ferry and terminals —construction and improvements of terminal facilities—capital—further amount required, $173,568.

918. Canadian government railway—enlargement of dock and terminal facilities at North Sydney, N.S. (estimated cost $2,000,000)—capital, $250,000.

Special—

919. To provide for the expenses of the royal commission on national transportation, $300,000.

929. Grant to the province of Manitoba towards the erection of a school building at Churchill, Manitoba, $30,000.

Air service—Civil aviation division—airways and airports—

921. Construction and improvements, including radio facilities and to authorize commitments against future years in the amount of $455,500—capital—further amount required, $1.

Operation and maintenance—

922. Airway and airport traffic control—further amount required, $6,030.

Meteorological division—

923. Meteorological services—further amount required, $59,780.

Telegraph and telephone service—

924. Administration, operation and maintenance—further amount required, $68,000.

925. Construction and improvements — (revote $169,000)—further amount required—$183,500.

B—Canadian maritime commission—Mail subsidies and steamship subventions—Eastern local services—

926. Halifax, Sherbrooke, Spry Bay and Torbay, N.S., service between—further amount required, $2,800.

Halifax and ports on west coast of Cape Breton Island, N.S., service between—further amount required, $4,000.

Mulgrave and Arichat, N.S., service between—further amount required, $6,000.

Mulgrave and Canso, N.S., service between—further amount required, $21,000.

Owen Sound and ports on Manitoulin island and Georgian bay, Ont., service between—further amount required, $35,000.

Pelee Island and the mainland, Ont., service between—further amount required, $10,000.

Pictou, N.S., Souris, P.E.I., and the Magdalen islands, P.Q., service between—further amount required, $56,000.

Prince Edward Island and Nova Scotia, service between—further amount required, $61,000.

Sydney, N.S. and Bay St. Lawrence, Cape Breton Island, calling at way ports, service between—further amount required, $5,000.

Sydney and Bras d'Or lake ports, west coast of Cape Breton Island, N.S., and Prince Edward Island, service between—further amount required, $7,500.

Sydney and Whycocomagh, Cape Breton Island, N.S., calling at way ports, service between—further amount required, $7,500.—$2,598,009.

Government owned enterprises—deficits—transport—

933. Amount to provide for the payment from time to time to the Canadian National (West Indies) Steamships, Limited (hereinafter called "the Company") of the amount of the deficit occurring during the year ending December 31, 1949 in the operations of the Company and the vessels under the control of the Company as certified by the auditors of the Company, and upon applications made by the Company to the Minister of Finance and approved by the Minister of Transport, not exceeding $360,000.

National harbours board—

935. Advances to national harbours board, subject to the provisions of section 29 of National Harbours Board Act, to meet expenditures applicable to the calendar year 1949 on the following account: Retirement of maturing bonds—Montreal —further amount required, $1,995,000.

Appendix

BRITISH NORTH AMERICA ACT—PROCEDURE IN AMENDMENTS

FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

(Copy of letter sent to premiers of all the provinces with the exception of the premier of Saskatchewan)

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, December 7, 1949.

My dear Premier:

In a recent letter the premier of Saskatchewan has inquired whether it is proposed to have an agenda under which to deal with the question of constitutional amendment at the conference opening on January 10.

In my original letter of September 14 the purpose of the conference was described as being to devise a generally satisfactory method of making amendments in Canada to the provisions of the constitution which concern both federal and provincial authorities. It was on that basis that the proposal for the conference was made and agreed to. In my last letter of November 7, I referred to the conference more briefly as being simply "to consider a method of amending the constitution of Canada." It had been the feeling of my colleagues and myself that the subject for discussion at the forthcoming conference scarcely admitted of any formal subdivision or reduction to an agenda of procedure in advance. We had felt that each delegation would be making its own preparations for discussion of the problem of procedure in constitutional amendment, and that the question of the best way of discussing it might be settled after we had assembled on January 10. I should appreciate it if you would let me know whether you feel that this is a satisfactory basis on which to leave the arrangements.

Perhaps I might take this opportunity to refer to another matter which has been considered by my colleagues and myself recently. There are many questions of concern to both the provincial and the federal governments in connection with which some discussion would be desirable. Several questions have been proposed for discussion at various times and there may be others which it would be helpful to consider jointly.

If it would meet with the approval of the governments of the provinces, I would propose that a general conference should be held early in the autumn of 1950, possibly in September or October, to discuss general questions of common concern to the provincial and federal governments. The conference would, among other things, carry out the undertaking which has been given to several of the provincial governments which entered into tax agreements with the federal government to hold a general conference at least a year prior to the expiration of the agreements on March 31, 1952. If the suggestion for a conference meets with your approval, and that of the other provincial premiers, views might be exchanged in the next few months as to the matters that should be placed on the agenda, and preparations could then be undertaken. It would, I think, be desirable to have an interval of several months in which to make preparations if fruitful discussion is to result.

Yours sincerely,

Louis S. St. Laurent

(Copy of letter sent to the premier of Saskatchewan)

OFFICE OF THE PRIME MINISTER
CANADA

Ottawa, December 7, 1949

Hon. T. C. Douglas, M.L.A.,
Premier of Saskatchewan,
Regina, Saskatchewan.

My dear Premier:

I have received your letter of November 29 enquiring as to an agenda for the conference which is to open on January 10 to consider the procedure of amending the constitution of Canada.

In my original letter of September 14 the purpose of the conference was described as being to devise a generally satisfactory method of making amendments in Canada to the provisions of the constitution which concern both federal and provincial authorities. It was on that basis that the proposal for the conference was made and agreed to. In my last letter of November 7 I referred to the conference more briefly as being simply "to consider a method of amending the constitution of Canada". It had been the feeling of my colleagues and myself that the subject for discussion at the forthcoming conference scarcely admitted of any formal subdivision or reduction to an agenda of procedure in advance. We had felt that each delegation would be making its own preparations for discussion of the problem of procedure in constitutional amendment, and that the question of the best way of discussing it might be settled after we had assembled on January 10. In view of your enquiry I am, however, writing to all the provincial premiers to ask whether they think it would be satisfactory to leave arrangements on the basis I have indicated or whether an effort should be made to draw up an agenda.

Perhaps I might take this opportunity to refer to another matter which has been considered by my colleagues and myself recently. There are many questions of concern to both the provincial and the federal governments in connection with which some discussion would be desirable. Several questions have been proposed for discussion at various times and there may be others which it would be helpful to consider jointly. If it would meet with the approval of the governments of the provinces, I would propose that a general conference should be held early in the autumn of 1950, possibly in September or October, to discuss general questions of common concern to the provincial and the federal governments. The conference would, among other things, carry out the undertaking to which I referred in my letter of August 18 to hold a general conference at least a year prior to the expiration of the tax agreements on March 31, 1952. If the suggestion for a conference meets with your approval, and that of the other provincial premiers, views might be exchanged in the next few months as to the matters that should be placed on the agenda, and preparations could then be undertaken. It would, I think, be desirable to have an interval of several months in which to make preparations if fruitful discussion is to result.

Yours sincerely,

Louis S. St. Laurent

HOUSE OF COMMONS

Friday, December 9, 1949

The house met at eleven o'clock.

EXTERNAL AFFAIRS

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

ORDERS IN COUNCIL

TABLING OF SUMMARY—NOVEMBER 1, 1949, TO NOVEMBER 30, 1949

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I wish to lay on the table a summary of orders in council passed during the period November 1 to November 30, 1949.

The previous summary was tabled on November 30. As agreed, this summary does not include the minutes of treasury board.

MERCHANT MARINE

CANADIAN DEEP-SEA SHIPPING INDUSTRY—STATEMENT OF GOVERNMENT POLICY

Right Hon. L. S. St. Laurent (Prime Minister): Mr. Speaker, I should like to make a declaration of government policy with respect to the Canadian merchant marine.

During recent months the government has been giving very serious and careful consideration to the state of the Canadian deep-sea shipping industry. The main facts of the situation are fully set forth in the report of the Canadian maritime commission; since that report was prepared an increasing number of Canadian flag ships have been laid up. The government proposes to deal with the matter promptly.

The problem stated in simple terms is this. Canadian flag vessels are no longer able to pay their own way. This situation is not new. Not since the beginning of this century has the business of owning and operating deep-sea vessels really prospered in Canada. In fact from 1900 to 1919 there was very little Canadian participation in deep-sea shipping. However, the building of ships in Canada during the first world war led the government of that day into a post-war venture of a government-owned merchant fleet. That fleet proved to be uncompetitive in the world market, and when the Canadian government merchant marine was finally liquidated in 1936, the total loss to the government, exclusive of interest on capital and other advances, amounted to over $82 million.

During the second world war it again became necessary for Canada to build ships to carry essential supplies. In 1946 the Canadian merchant fleet was the fourth largest in the world. The Canadian government at that time, instead of continuing to operate a government-owned fleet in a period of high freights, decided to dispose of its vessels.

In 1946 there was a strong demand for ships both in Canada and abroad. Companies in Canada were most anxious to purchase ships, and under these circumstances it appeared only right and proper to give to our own people the first opportunity to buy. Thus the bulk of the war-built fleet was sold to Canadian operators at reasonable prices and on favourable terms, but they purchased these vessels at their own risk. On the 16th day of June, 1947, my colleague, the Minister of Trade and Commerce, then Minister of Reconstruction and Supply (Mr. Howe), in addressing this house said:

> Hon. members are well aware that a merchant navy is basically an industry which, like other industries, has to pay its way if it is to survive.

During the years 1946 and 1947 ocean freight rates remained at high levels and Canadian owners were able to operate their vessels profitably and successfully. About the middle of 1948, however, Canadian ships began to experience greater difficulty in obtaining dollar cargoes and freight rates began to decline from their high wartime levels. In March of this year a steady decline set in which has continued and at present rates and at Canadian costs Canadian vessels cannot be operated without substantial losses.

As I have said, the Canadian government has sold all its ships, the majority of which have been purchased by Canadian owners. At the present time we have 118 dry-cargo vessels operating under Canadian flag, and an additional 58, which likewise have been sold, are due to be returned from United Kingdom flag to Canadian registry next year, making a total of 176 ships which we must take into consideration. I am advised that, in order to enable those ships to operate competitively in the world market, over $25 million in annual subsidies would be required.

The maintenance of a Canadian flag merchant fleet can be justified only on the basis of one or both of two assumptions: (1) that

the fleet is a net economic asset to the community, or (2) that the fleet is important for purposes of national security.

In considering the studies which are available to us on the subject, we have concluded that we are not justified from an economic viewpoint in maintaining a Canadian flag fleet by artificial means. It is not the intention of the government to maintain an industry at the expense of the taxpayer, and of other export industries, by the unhealthy method of subsidies, unless these countervailing considerations are very strong indeed.

There are many objections to shipping subsidies. They do not tend to promote a healthy and efficient industry. They constitute a steady and usually increasing drain upon public funds. In a world in which some types of ships are already in oversupply they represent a waste of the taxpayer's money.

I do not propose to go into all the difficulties involved in shipping subsidies, since the government's basic objection to a policy of subsidization rests on wider grounds. The world is still suffering from the effect of two great wars. Dislocation resulting from such wars has disrupted world trade to an extent that nations are taking extraordinary steps for the preservation of their economies. Our view has consistently been that it is not possible to seek a solution to our trade and currency difficulties on a purely national basis. Canada has goods to sell, but our European customers lack dollars to buy them. They cannot acquire such dollars unless we do our share of buying from them. In other words we must seek to encourage imports from countries to whom we desire to sell our goods and in this sense shipping services of other countries represent an import. We must not adopt measures which would hinder the revival of world trade and defer the achievement of balance between dollar and non-dollar trading areas. If we were to adopt a policy of subsidization of national shipping, it would be a protectionist measure disabling other countries from trading with us.

The problem of preserving some part of the fleet for national security purposes deserves further consideration. In a world at peace with itself, this would not be necessary. Each nation would perform those functions which it could carry out most efficiently and economically, and if Canada were unable to conduct deep-sea shipping operations as well as other countries, such operations would be abandoned. Safeguards would have to be set up to prevent countries engaged in shipping from discriminating against countries which had no shipping. However, we must regard the world as it is and make a realistic approach to the problem.

Safeguards to prevent discrimination have been set up under the machinery of the United Nations, and the constitution of the intergovernmental maritime consultative organization is designed to prevent unfair shipping practices. But although Canada has ratified the IMCO convention, it has not yet received the agreement of sufficient nations to bring it into operation. Furthermore, unhappily, we cannot say that war is not a possibility. I am strongly of the opinion, however, that arrangements should be made between the peace-loving nations of the world to pool their shipping resources in the event of war. If proper assurances were received in this respect, it might not be necessary for those nations who cannot operate ships economically to continue to maintain merchant fleets to meet an emergency.

The maintenance of adequate ocean-going shipping, shipbuilding capacity and ship repair facilities is fundamental to the defence organization of the North Atlantic treaty. It is, like defence proper, a collective responsibility which the partners must share in relation to capacity, aptitude, and relative efficiency. An increasing degree of specialization along the lines in which each country can make the greatest contribution to the common defence and welfare is the natural complement of the principle of integration in defence planning which we, together with our partners in the North Atlantic treaty, have accepted and have begun to apply. The implications of this approach are plain.

The experience of two wars has made it plain that allies have to pool their shipping resources. This lesson has not been lost on the countries which are now associated, for purposes of common defence, in the North Atlantic treaty. It is our hope, to further which we shall use our best endeavours, that arrangements can be completed in peacetime which would ensure the prompt, fair and efficient use and allocation of all available shipping in any emergency. Conversations to this end are already under way. In particular, discussions on this subject have taken place between officials of the government of the United Kingdom and Canada. Those discussions have not yet been completed, but I believe that if Canadian ships are transferred to United Kingdom registry, arrangements can be made to treat such ships as part of the Canadian contribution to any allied shipping pool in the event of war. Similar conditions would govern any transfer of registry for operating purposes to the flags of other countries upon whose close co-operation in mutual defence we can confidently

rely. By proceeding along these lines and within the framework of security which we are building up, it should no longer be necessary for each individual country to risk the waste of its national effort in duplicating facilities and services which can be more efficiently carried out in peacetime by their partner countries, and which will be available to serve the needs of all should a war come.

The government has therefore decided that, for the next year—and I stress "for the next year"—while an allied defence shipping pool is being created, it is advisable to maintain some proportion of the present fleet under Canadian flag. For that purpose the government has decided to recommend the provision of a sum of $3 million as an aid to the Canadian ocean shipping industry for one year only. It is estimated that over 500,000 deadweight tons of dry-cargo shipping will remain under the Canadian flag, but it may be that not all vessels comprising that tonnage will receive assistance. The number of ships to be assisted, and the amount of assistance required by each, will be left to the Canadian maritime commission, who will administer the fund under the provisions of the act, if parliament sees fit to pass it.

It is recognized that the reduction contemplated in the fleet will compel a number of seamen to find shore employment. In order to assist them in this transfer, the government has decided to extend the vocational training scheme to admit eligible men applying on or before the 30th day of September, 1950, and commencing their approved training before the 31st day of January, 1951. The ministers of transport and veterans affairs will have discretion with regard to the restricting provisions respecting age and the granting of allowances as at present set out in the merchant seamen vocational training order. Hon. members know that the terms of that order restricted training to men under thirty years of age.

Mr. Green: Is that being lifted?

Mr. St. Laurent: That is to remain the rule; but there will be discretionary provisions enabling the Minister of Veterans Affairs and the Minister of Transport in exceptional cases to extend the privilege to men who have passed the age of thirty.

The vessels of the Park fleet, which, I have said, were sold by the government to Canadian companies, were purchased under the terms of an agreement containing the following clause:

> It is one of the essential conditions of the present agreement that except with the prior written approval of the seller—
>
> The government.
>
> —the vessels sold will be operated under Canadian registry by the purchaser as well after as before the full balance of the final or adjusted purchase price and interest has been paid; and the purchaser agrees for itself, its successors and assigns, not to make any application for transfer of any of the vessels out of Canadian registry without the prior written approval of the seller.

If it had not been for this clause, Canadian companies could have transferred their ships to foreign flag at any time. That covenant has now been in force for about four years, and it is now felt, in view of what I have said, that it is fair to give relief in respect of this restriction, as it has been demonstrated that Canadian vessels with their present high costs cannot be operated. Applications from shipowners may now be made to the Minister of Transport, through the commission, to transfer flag, and transfers will be permitted under such conditions as he may impose. This is in conformity with what I said previously about the concern to have an arrangement for a shipping pool that would give us the confidence that ships would be available in the event of an emergency.

Such transfer of flag, of itself, does not of course affect the ownership of the vessels, which will remain in Canadian hands. In permitting transfers the government will see to it that there will be tonnage available to meet Canadian needs in the event of war, and it is hoped that by means of such transfers Canadian-owned vessels will be able to secure cargoes which have not been available to them by reason of currency restrictions.

Let me emphasize again that the relief which is now being granted to the shipping industry is temporary and for one year only. It is given to assist shipowners to meet the emergency created by the decline in the freight market, and in the hope that they will be able to reduce their costs in order to operate competitively.

May I take this opportunity to pay a tribute, which I think all hon. members would wish to pay, to the efficient and intelligent work which has been done by the maritime commission, under the chairmanship of Mr. Clyne, in coping with a most difficult and somewhat discouraging problem under the conditions which prevailed when they had to give all their time and energy in an attempt to find a solution to that problem.

Mr. Green: I should like to ask the Prime Minister one or two questions. I understand from his statement that legislation will be required, and I should like to know whether it will be introduced at this session, or not until the next. Then the Prime Minister said that an attempt would be made to retain a tonnage of approximately 500,000 tons, but I am not sure whether he said deadweight tons

or gross tons. The recommendation of the maritime commission was that there should be 750,000 deadweight tons, which I think is about 562,500 gross tons.

The Prime Minister said nothing about the $26 million now held in escrow, being the proceeds of sales that have already taken place. Under present provisions that money cannot be paid out. Would the Prime Minister explain what will be done with that money?

Finally, has the government given consideration to the fact that in some cases ships have been transferred to the Panamanian flag? Panama is not a member of the North Atlantic alliance, and I am wondering what would happen if ships are transferred to the flag of that country.

Mr. St. Laurent: I shall deal with the last question first. There have been no ships transferred to the Panamanian flag, and it is not the intention to authorize transfers to that flag. The intention is to authorize transfers under conditions that would leave us with the assurance that ships would become available in the event of an emergency.

Mr. Green: Only to North Atlantic treaty nations?

Mr. St. Laurent: I would not like to tie it down any more firmly than to say that when an application is made, the merits will be considered. The intention is to reach some kind of agreement within a year that would provide for the pooling of the ships that would be required in the event of an emergency by the members of the North Atlantic security pact.

With reference to the first question asked by the hon. member, it is 500,000 deadweight tons of dry cargo shipping, and I am told that that would be about forty ships. With regard to the amount now in escrow, under conditions which require it to be expended for the production in Canadian yards of Canadian ships, at the moment no change is contemplated in those restrictions.

The hon. member asked if it was intended to introduce the legislation at this or the next session. There is no intention of introducing it at this session. There is still the hope among a great many of us that this session may be pretty close to prorogation, and it was felt that, in view of the general interest in the matter, it would be desirable to announce government policy at this time, and the intention of the government to introduce legislation as early as possible in the next session to implement that policy.

[Mr. Green.]

Mr. Coldwell: Mr. Speaker, this is a most important statement, and a number of questions have arisen in the minds of hon. members, as indicated by those asked by the hon. member for Vancouver-Quadra (Mr. Green). I am at a loss to understand why this statement was not made yesterday before the estimates of the Department of Transport were finally completed, so that we could have obtained some information to carry back to the country. It is regrettable that we did not get this statement before those estimates were finally adopted.

Mr. St. Laurent: I shall have to deal with the hon. member's remarks in two parts. The statement was not made before because it was not ready. We have been giving it careful consideration and have been expediting its preparation, but I was able to get it only this morning. Even when I did get it this morning, there was one change that it was found necessary to make.

With regard to the estimates of the Department of Transport, it was convenient to have them called yesterday, although it might have been preferable to deal with some other estimates and call the transport items today. I repeat that the reason this statement was not made before was that we were expediting its preparation, and I was able to get it in its final shape only a few minutes before I came into the chamber.

Mr. Knowles: The minister said that we would not get the statement unless we put his estimates through last night.

Mr. Gillis: There is just one question I should like to ask the Prime Minister, and I think it is important. Can he inform the house whether there is such a thing as a ship of Canadian registry? I understand that all Canadian ships are of British registry, regardless of the flag they fly. That is, there is no such thing as a Canadian registered ship leaving a Canadian port.

Mr. St. Laurent: Oh, there is. These ships are of Canadian registry.

Mr. Gillis: I checked that recently with a captain who clears in and out of Canadian ports with a Canadian ship. He told me that he lost a bet with the immigration officials in New York who told him that his ship was not of Canadian registry, that it was of British registry. They showed him his ticket indicating that his ship was of British registry.

In connection with transfer to other flags I am not worried about the Panamanian end of it. If the privilege of transferring to other flags is granted to shipping companies, i

there not a danger that they will replace Canadian labour with cheaper labour, even when they transfer to the British flag?

Mr. St. Laurent: Transfers are made only with the authorization of the Minister of Transport. If owners could not achieve lower operating costs by transfer, it is probable they would have to lay up their ships. At the present time ships under Canadian registry, and with Canadian costs, cannot operate without substantial deficits. It is for this reason that the government will recommend that for the limited number which will make up the 500,000 deadweight tons dry cargo, a subsidy be provided not exceeding $3 million for the year.

Mr. Black (Cumberland): The question I was going to ask has been partly answered. As I understand the policy announced by the Prime Minister, it will enable quite a proportion of the total number of Canadian ships to be transferred so that they may immediately operate under sterling costs.

Mr. St. Laurent: Yes; that is what is intended.

Mr. Green: Apparently the policy means that Canada is to retain approximately forty of her present ships. It is not the plan to have forty new ships?

Mr. St. Laurent: No.

Mr. Green: The policy is forty old ships.

Mr. St. Laurent: The policy is to provide a subsidy not exceeding $3 million under which it is hoped that the owners of approximately forty of these ships will undertake to keep them in operation under Canadian registry and the Canadian flag for the year during which they will get a portion of the subsidy.

HOUSING

RENT CONTROL—FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

Hon. Douglas Abbott (Minister of Finance): Mr. Speaker, I desire to table further correspondence with the premiers of Saskatchewan, Quebec, Nova Scotia and New Brunswick concerning rent control.

As hon. members will see from the further correspondence with the government of Saskatchewan, the government of that province has definitely undertaken to assume responsibility for rent control as from April 1, 1950, and, pending the enactment of the appropriate provincial legislation, has requested that orders 813 and 814 of the wartime prices and trade board, which come into effect on December 15 and authorize further increases in the rental ceilings, and other relaxations, be suspended in Saskatchewan.

Hon. members will also note that in accordance with the policy announced in this house, the government has taken the necessary action to comply with these requests. Therefore the situation is that the wartime leasehold regulations will remain in effect in Saskatchewan as they now are, unaltered by orders 813 and 814 of the wartime prices and trade board, which will not be operative in that province. On April 1, 1950, all federal rent controls will cease to have effect in Saskatchewan.

Mr. Coldwell: I should like to ask the minister whether the announcement made yesterday by the premier of Alberta has the same effect.

Mr. Abbott: As yet I have received no communication from the premier of Alberta as to the details of the plan which I gather it is intended will be adopted in that province. It would appear that some form of rent control legislation is to be introduced, to be effective from the first of April, 1950, and that we shall be asked to withdraw federal regulations from Alberta as of that date. As yet, however, I have received no official notification.

Mr. Coldwell: The same as in Saskatchewan.

Mr. Abbott: Yes. I omitted to suggest that, as was done previously, the correspondence concerning rent control might be printed as an appendix to *Hansard*.

Mr. Speaker: Is it the pleasure of the house that the correspondence be printed as an appendix to *Hansard*?

Some hon. Members: Agreed.

(For text of correspondence see appendix, pages 3065-66.)

NATIONAL FILM BOARD

STATEMENT AS TO PRODUCTION COSTS OF CERTAIN FILMS

Hon. Lionel Chevrier (for the Minister of Reconstruction and Supply): Mr. Speaker, at the request of my colleague the Minister of Reconstruction and Supply (Mr. Winters), I have been asked to give certain information in answer to a question which was asked by the hon. member for Greenwood (Mr. Macdonnell) on December 7. The question was as to the cost of production of certain films. The minister was unable to give the figures at the time, but he undertook to provide them later.

The films with their production cost are as follows: "River of Canada", $7,267.07; "Four Seasons", $7,223.37.

There was also one which the hon. member referred to as "La Cité de Notre Dame", and

which it is believed is the film board production "Montreal Tercentenary". The cost of that film was $9,948.98.

CANADIAN RED CROSS SOCIETY

AMENDMENT OF ACT TO PROVIDE FOR EXPANSION IN CANADA

Mr. A. A. Macnaughton (Mount Royal) moved for leave to introduce Bill No. 222, to amend the Canadian Red Cross Society Act.

Some hon. Members: Explain.

Mr. Macnaughton: Mr. Speaker, this is a non-contentious bill. Its first purpose is to assist the Canadian Red Cross Society to expand its services in Canada, particularly with regard to the establishment of outpost hospitals and blood transfusion services across the country. The second purpose is to increase the membership of the central governing body so that representatives from the new province of Newfoundland may be included thereon. The third, and by no means the least important aspect of the bill, is that an amendment is required to the act to sanction the use of "La Societe Canadienne de la Croix Rouge" as the name of the Canadian Red Cross Society in the French language.

I hope, with the good will and unanimous consent of the members of the house, that it may be possible to have second reading of the bill today.

Motion agreed to and bill read the first time.

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

Some hon. Members: Now.

Mr. Knowles: Later this day—at eight o'clock.

Mr. Speaker: Later this day.

SUPPLY

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

DEPARTMENT OF JUSTICE

121. Departmental administration, $256,281.

Mr. Garson: Mr. Chairman, at the outset of this sitting of the committee I should like to raise a question of privilege.

Before the resignation of the commissioner under the Combines Investigation Act becomes effective, he is endeavouring to complete two reports which he now has in the course of preparation. In this connection he has asked me, with regard to the first of the two reports, whether I would approve of getting out 100 odd copies of it, not printed but in mimeographed form. He said this was the only way in which we could get the report published within the statutory period of fifteen days. He said if we did not publish it in mimeographed form we would not be able to get it published within fifteen days after its delivery to the minister. I asked him, if it was necessary to mimeograph on the present occasion, how it had been possible in the past to comply with the requirement that reports be published within fifteen days. Mr. McGregor then informed me for the first time that the combines investigation commission, and the ministers responsible for it in previous years, had had a great deal of trouble in complying with the section, and as a matter of fact had always found that if a printed report was to be published it was mechanically impossible to comply with it. He said that even when the report went from him in first-class order to a minister who knew all about its preparation, and who had been kept fully informed by him of its various stages, it had not been possible to accomplish publication of the printed report within the statutory period of fifteen days. This has happened not through any lack of attention or effort on his part, or through any indisposition of the minister to publish, but simply because the fifteen days provided in the act is too short.

In view of all the criticism that has been heaped upon me, some of it going to the extreme length of hinting that, like Charles I, I should be beheaded for this grave offence, I would ask members of the press gallery to give due publicity to the point I am now raising. That I should have raised it before in my argument I do not for a moment deny, but this is just another example of the position in which I have found myself from beginning to end in this matter. That is, having no direct knowledge of the matter which has been under discussion, I have been continually under the necessity of securing all the information I have required in these debates from other people, mainly civil servants; and having heard no suggestion at any time that the act should be amended to extend this period of fifteen days to a more realistic period, naturally I assumed that it had been found to be satisfactory. That is one reason why there was no provision in the bill brought down this session to extend that period. That is also why, in addressing ourselves to the matter of the publication of this report which has not yet been delivered to me, the commissioner and I have to put our heads together to devise unusual ways and means of managing to comply with the statutory requirement of publishing within fifteen days.

In my own case I was not the minister who was familiar with this matter. I came in as a new minister, totally unfamiliar with either the flour report or any of the matters out of which it had arisen, and found on my desk an accumulation of some six weeks' arrears of work, with the session to prepare for, and with a flour report in respect of which the period for publication was known to be completely inadequate but as to which the statutory period of fifteen days began to run some five days before I even got here.

I think I can say with reasonable modesty that I came to this city with a good name, which it had taken me twenty-two years of hard, diligent work in the public service to build up. There are those in this house who would take it from me because I did not comply within ten days with a provision which, as the records show, on several occasions it has been quite impossible to comply with in the fifteen day period.

Mr. Macdonnell (Greenwood): Nor within ten months.

Mr. Stewart (Winnipeg North): I do not think anyone in this house was at any time attacking the good name of the Minister of Justice. Those of us who know him particularly well, including myself, a political opponent from Manitoba, have always paid tribute to his fairness and other very admirable qualities. If there is criticism directed to him it is not because he is Stuart Garson but because he is the Minister of Justice, and one who broke the law of this country.

I must say that I find his statement today singularly unconvincing. There has been criticism of the minister and the government, and I think that criticism is well merited, because justice in this country must be even-handed and impartial. Justice must apply to those in positions of power and prominence as well as to those in more humble walks of life; and the minister has broken the law. I do not say he has defied it; I say he has broken it. If fifteen days is not long enough, then we shall have to amend the act; but the law states that the period is fifteen days. I think most hon. members would go further and agree that the fifteen days should run from that date toward the end of February when the last amendment was made.

What are the chronological facts of the situation? The report was presented last December. I think it should be said in fairness to the minister, though he has not said it himself, that when that report was presented he was lying in bed in Manitoba, a very sick man. Therefore he could not have been expected to know what was in the report. Nevertheless there must have been an acting minister at that time. A few days later, I believe, Mr. McGregor sent in a request for authorization to print the report. That authorization was not granted until some time in April. I believe the report was printed before the last parliament was dissolved; yet members of that parliament never saw it.

I point out that the minister has broken the law. There is a punishment in Canada for those who break the law. I must admit that I am not fully conversant with the law, not being a lawyer, but still I can read certain aspects of it. I maintain that the minister did not comply with the law; and here I speak of the Minister of Justice. In that case section 164 of the Criminal Code must apply, and that section reads:

> Every one is guilty of an indictable offence and liable to one year's imprisonment who, without lawful excuse, disobeys any act of the parliament of Canada or of any legislature in Canada by wilfully doing any act which it forbids, or omitting to do any act which it requires to be done, unless some penalty or other mode of punishment is expressly provided by law.

I hope the minister will realize that, to use the familiar cliché of the Minister of Labour, I am speaking in a kindly way, you understand. I do not want to see the Minister of Justice go to jail for Christmas; but if he does have to go to jail I suggest that he invoke section 574 of the Criminal Code and take some of his colleagues with him. That section deals with accessories after the fact, and reads:

> Every one is guilty of an indictable offence and liable to seven years' imprisonment—

This is more severe than the other section.

> —who, in any case where no express provision is made by this act for the punishment of an accessory, is accessory after the fact to any indictable offence for which the punishment is, on a first conviction, imprisonment for life—

Perhaps that is the wrong section. In any case I suggest that the minister's colleagues are liable to be sent down for about seven years for being accessories with him. I wonder if the minister has heard from the attorney general of Ontario, the province in which the offence was committed, as to his position under the law?

Mr. Drew: There might have been a general disposition to feel that this matter had been adequately dealt with in the earlier discussions had it not been for the extraordinary statement made today by the Minister of Justice. He now seeks to suggest that the criticism which has been directed in this chamber to the procedure followed was improper. He speaks of his reputation, and

suggests that people would take it from him. The implication is that those who have clearly stated what were the requirements of the law had some motive other than to place before this house the necessity of obeying fundamental and well-established principles of our parliamentary system and the responsibility of government to parliament. The minister comes in at this late hour, unrepentant, and even taking away any limited measure of regret that he expressed previously. Now he says that Mr. McGregor indicates that it will be necessary to have another report, which Mr. McGregor is completing, mimeographed if there is to be compliance with the law requiring publication within fifteen days; that that requirement is something with which it has not been practicable to comply all along. Did the commissioner say to the Minister of Justice that it takes ten and a half months to do it? Did he say to the Minister of Justice: You should amend the time within which publication takes place and be sure to allow ten months, because that is the time required? Unless that was said, then all this is meaningless. It does not make clear the elaborate and detailed explanation given by the Minister of Justice for the ten months' delay in complying with this requirement.

The fact is that on the basis of what the minister says this morning there could have been compliance with the act. The only requirement is that there be publication. There is not a word about printing. It is simply a matter of providing the material upon which the report can be published. This being so, the suggestion of the necessity for mimeographing imposes no limitation; it demonstrates the extent to which the minister feels it is necessary to go to explain what he did, rather than apologize for what he did. The suggestion conveyed, not in words but by implication, is that there was no substantial ground for the criticism which has been directed to the conduct of the minister and the members of the government who joined in this extraordinary procedure.

In the closing hours of this session, let the Minister of Justice not come to us and say that the delay in this case was the result of any procedural or mimeographing difficulty, when he spent such a long time explaining exactly why he had not published the report. In a nutshell, the story is that he examined the report and discussed it with the Minister of Trade and Commerce, and the Minister of Trade and Commerce was not willing to let it be published. As a result of the objection raised by the Minister of Trade and Commerce, publication did not take place. That is the explanation, and not that fifteen days was not enough time. Then there were discussions with the officials, and the Minister of Justice explained that on different occasions he brought other senior officials and Mr. McGregor together, so that they could reconcile their points of view, if possible, in regard to this important matter. All that had nothing to do with any difficulty in complying with the requirement that publication shall take place within fifteen days.

If there had not been any great reason for concern before this morning, Mr. Chairman, about the measure of responsibility displayed by the government in regard to obligations of this kind, there is now, having regard to the explanation given this morning by the Minister of Justice. After reviewing in considerable detail each of the stages of the discussion of this report, after telling us of the discussion which took place with the Minister of Trade of Commerce and the different officials, and giving all the reasons why the report had not been published for more than ten months, the minister now comes before us and seeks to leave the impression that the difficulty in publishing this second report, except by the procedure of mimeographing—which is a well-accepted procedure in business and in government—is the explanation, in spite of the lengthy statement already made.

Mr. Garson: I am sure my hon. friend does not want to misquote or misrepresent what I said, but I am afraid that, quite unintentionally, he is doing that at the moment. Perhaps I should state my point in order to make it clear. The breach of the act which is alleged is a breach of section 27, subsection 5, of the Combines Investigation Act. It states that any report of the commissioner, or of a special commissioner, other than an interim report or a report of a preliminary inquiry shall, within fifteen days after its receipt by the minister, be made public.

Mr. Knowles: Not published—just made public.

Mr. Garson: Be made public. If my hon. friends on the opposite side wish to be technical, I can be technical too. I do not raise this point as a point of substance, but the act states it is to be made public, and does not state by whom.

The point I wish to emphasize is this. As to any allegation that the Minister of Justice has broken the law and is open to all the penalties that have been mentioned by the member for Winnipeg North, it relates to non-publication within fifteen days. As to the period of time the leader of the opposition is talking about, as I explained in my longer address upon this subject, that is not a

matter of law but a matter of propriety in respect of which, from the standpoint of the opposition, we may be open to criticism. Then there is the argument that once the section had been broken we should have published the report as soon as possible thereafter. The reasons which we gave for not publishing within that longer period of time, for not acting in a proper manner from a political rather than a legal standpoint, I presume are not concurred in by the members of the opposition. But so far as the breach of the act itself is concerned, I am sure even a layman would agree that the offence, if any, is complete when the fifteen-day period is up. It is complete, and it is at an end.

The matter of the publication of a report which is quite different from the report which was received is another matter, and I take it my hon. friend was not dealing with that.

Mr. Drew: This matter becomes worse every time the minister makes further remarks about it. I am quite sure the minister has not forgotten that I said, and others have said, that if the minister had explained that he was in Winnipeg, ill, and unable to be here immediately after his appointment, and that after his arrival there was an accumulation of work which made it impossible to comply with the provisions for publication,—I use the word "publication", because that is what it means, to make public—no one in the house would have done otherwise than to say that was a reasonable explanation which we could accept. No one would say that the failure to publish for a few days, or even a few weeks, should be regarded as a serious breach of the law, or a serious breach of the responsibility of the Minister of Justice and the members of the government who concurred in the procedure. But the minister himself has made it clear and beyond all question that his inability to deal with this matter quickly in the month of January had nothing in the world to do with the fact that this report was not made public until a short time ago, for more than ten months after it should have been made public. He has made it perfectly clear why publication did not take place. He has made it clear that publication did not take place because the Minister of Trade and Commerce first of all objected, did not agree with the findings of fact, and because after all these consultations there was general disagreement on the part of the government with the facts as they were found.

The Minister of Justice, making his explanations worse on every occasion, has now said that the act does not say by whom publication is to be made. The minister has explained that he received a copy of the report of the commissioner with an explanation as to the date on which publication should take place last January. He has made it plain on his own statement that it was on his initiative that the publication did not take place so far as the commission is concerned.

The act may not say specifically by whom the publication is to be arranged, but it most certainly leaves no doubt that the Minister of Justice has no authority to prevent publication, and that is what took place here. The commissioner appointed under the act was anxious to have publication, and said so, and it was the act of the Minister of Justice—for whom many hon. members have expressed real sympathy, in view of their feeling that he was placed under compelling pressure by another member of the cabinet, and that being a newcomer to office he was not able to resist that pressure at the time—it was the act of the Minister of Justice that prevented it. But that feeling of sympathy for the position of the minister is certainly removed when he says here first of all that the act does not say by whom publication shall be arranged, and suggests—and more than suggests in his remarks today—that the criticism that has been directed to the procedure is merely an attempt to damage his reputation, established over long years.

Even in his last remarks of a moment ago the minister said that this may be wrong from the standpoint of the opposition. May I impress upon every hon. member the effect of his words, that this of course may be wrong from the standpoint of the members of the opposition. By that he suggests, and more than suggests, that the standpoint is not wrong from the point of view of those who support the government. It is the only interpretation that can be put on these words. If that is the interpretation, then it makes the matter increasingly serious. Let no one in this chamber suggest that we are attaching too much seriousness to this procedure. On Thursday of last week a debate took place in the House of Lords in Great Britain, the first stage of the debate having been in the House of Commons, in regard to the conduct of Lord Pakenham, Minister of Civil Aviation in the United Kingdom. The circumstances there were in no way comparable with what has taken place here from the point of view of the seriousness of the course that was followed; nevertheless there is at least this similarity that can be noticed. A year ago last October there was a crash of a Dutch KLM passenger machine at Prestwick airport. As a result of that crash all the crew and passengers died. Under the statutory provisions covering such circumstances the Minister of Civil Aviation, Lord Pakenham, appointed a prominent barrister, Mr.

McDonald, to conduct an inquiry into the circumstances. After the taking of extensive evidence, a report was made. Lord Pakenham kept the report for a period of five months. When the report was recently released he disagreed with the findings of fact contained in the report and refused to accept them. Anyone who questions the seriousness of a matter of that kind from the point of view of our parliamentary and administrative procedure should read the record of what took place in the House of Lords a week ago yesterday.

Lord Pakenham made his explanation in the House of Lords. He expressed regret that he had followed the course he did, but reiterated his non-agreement with the commission's findings of fact. In the discussion that followed it was pointed out that he had not heard the evidence; that he had not had the opportunity of exploring the details, and yet without that evidence and without those details he was taking it on himself to challenge the findings of fact made by a highly competent inquirer with the evidence actually before him. We find such great world figures in both constitutional and procedural law as Lord Reading and Lord Simon taking part in the debate.

In the opening discussion of Lord Pakenham's remarks, Lord Swinton dealt with what had occurred, and without covering it in detail I should like to read these words from the London *Times* of December 2, which gives an extensive report of the proceedings:

> It was inconceivable that the minister should reject the findings of fact of a highly qualified tribunal unless he could satisfy parliament beyond all doubt that there was no proper evidence to support those findings. It was almost inconceivable that with a highly qualified lawyer sitting with an assessor such a situation would arise. Certainly no such situation arose here.
>
> In the present case Lord Pakenham had, under the advice or direction of high authority, not retracted his previous statement but had retracted the method in which it was made. Most of their lordships would be greatly surprised at the form which Lord Pakenham's statement took today. If a minister could, in practice, cavalierly override the findings of fact of a highly competent quasi-judicial tribunal in such a way as to render the whole procedure, in Mr. McDonald's words, "nugatory, if not indecent," no lawyer of repute would in future be willing to undertake the task.

There is a remarkable similarity in the situation here to what is referred to in these remarks.

In case there be any doubt as to what the attitude of these men was in regard to what had happened, Lord Swinton said that he did not think that after what Lord Pakenham had done and said, confidence in the

[Mr. Drew.]

administration of that department could be maintained so long as Lord Pakenham continued as minister of that department.

Let no one suggest that when a minister, in regard to an extremely important matter, fails to carry out his obligation to parliament and to the public, there is anything in the nature of personal attack, or anything in the nature of an attempt to destroy a man, when the established practice is pointed out and the suggestion made that the proper course is for that minister no longer to be the head of that department. That, after all, was the view of great constitutional and procedural experts in England last week in connection with a minor breach of the responsibility of a minister to parliament and the public, as compared with the breach we have before us here.

As I said earlier, most hon. members had much sympathy for the position of the Minister of Justice on the basis of his earlier statements; and most hon. members I feel sure regretted greatly that the Minister of Justice should have found himself in a position in which his conduct was open to such severe criticism as it was in this case. When it was indicated that established practice and custom suggested that he should no longer continue as minister in that department, having regard to the explanation he had given, it was with the feeling that he had given an explanation which did indicate why he had failed to carry out his obligation. But that feeling cannot be quite the same after the minister's statement this morning, which he seeks to convey the impression that the failure to carry out the obligation was the result merely of practical difficulties, and that a criticism of this course was an attempt to destroy his reputation.

The Minister of Justice will recall that in the earlier discussion it was pointed out that the amendment he introduced to the Combines Investigation Act, which amendment has now been passed, gives to him a greater measure of responsibility for prosecution by making it possible under the act for the minister, in his capacity as attorney general, to institute proceedings under the Combines Investigation Act or the Criminal Code. It was pointed out that in view of the admitted breach of law by the Minister of Justice, with the consent and agreement of the government, he was placed in an invidious position in regard to the prosecution of other people under the same law or other laws of parliament. Already this morning section 164 of the Criminal Code has been read to the house; I think it would be well to read it again:

> Every one is guilty of an indictable offence and liable to one year's imprisonment who, without

lawful excuse, disobeys any act of the parliament of Canada or of any legislature in Canada by wilfully doing any act which it forbids, or omitting to do any act which it requires to be done, unless some penalty or other mode of punishment is expressly provided by law.

I can find no provision which exempts any minister of the crown from the provisions of that act. Even assuming that many people may not regard this as serious, let them remember that others are compelled to obey these laws.

Section 573 of the Criminal Code provides:

Every one is guilty of an indictable offence and liable to seven years' imprisonment who, in any case not hereinbefore provided for, conspires with any person to commit any indictable offence.

Well, there may be those who feel that it is inappropriate even to suggest that these sections should be read in connection with action of this kind on the part of a member of the government. But there certainly was an omission, and a deliberate omission, to do something called for by the act; and we are left in the position that from the government's point of view the only person who can advise the house whether this applies to the Minister of Justice is the Minister of Justice himself. Has the Minister of Justice considered whether in his capacity as attorney general he should launch a prosecution under either of these sections? The very asking of that question indicates the extraordinary position in which the minister has placed himself.

No matter what measure of seriousness or otherwise may be attached to this act, there was a plan; there was a holding back of the report by definite agreement and for a definite purpose. The Minister of Trade and Commerce did not agree with the findings of the report, and, so far as the explanations given earlier are concerned, it seems that the government collectively did not agree with those findings. So they took it upon themselves to become the tribunal, without having the opportunity to hear evidence; they took it upon themselves to make a decision in regard to a quasi-judicial finding which under the act could become the basis of subsequent procedure, and under circumstances similar to those in which Lord Pakenham made the decision which is under vigorous criticism in Great Britain today.

I am not suggesting that we should necessarily follow any governmental procedure other than that established here. But the practice in the matter of the responsibility of the government to parliament has evolved from traditions brought here from Westminster, and their attitude toward matters of this kind is at least helpful to us in determining what others, under the same procedure, believe to be the duties of a government and the duties of ministers of the crown responsible for the fulfilment of obligations under any statutory provision.

One of the greatest authorities on constitutional law, Dicey, says this in the ninth edition of "The Law of the Constitution," at page 193:

With us every official, from the Prime Minister down to a constable or collector of taxes, is under the same responsibility for every act done without legal justification as any other citizen.

I do not think the position could be more clearly stated. The law was broken not because of pressure of time; the law was broken by a decision of the government concurred in by the Minister of Justice. No matter what the appropriate action would be on the part of any other member of the government, the fact is that the Minister of Justice is the minister charged with the legal affairs of this administration. In his capacity as attorney general he is responsible for the prosecution of individuals and corporations under the law as passed by parliament.

I can only conclude by expressing my regret that what was already bad was made infinitely worse by the spurious explanation given this morning by the Minister of Justice for what took place. The Minister of Justice, having taken the responsibility for breaking the law, and breaking it deliberately for over ten months, is not in a position to launch prosecutions under laws passed by this parliament without a feeling of injustice on the part of those who are prosecuted by him as Minister of Justice or as attorney general.

As has been said here before and on other occasions in this parliament, it is not open to hon. members to forget what minister it is who will be carrying out these responsibilities. I repeat that we are not dealing with this matter upon a personal basis in relation to any individual; we are dealing with the responsibility of parliament, and the fact that the government is responsible to parliament, and that if it fails in that responsibility it must take appropriate action to restore its position, otherwise the constitutional responsibility of the government to parliament will be impaired by the precedent so established.

As was said in the House of Lords last week in a much less serious case, no matter what our regard may be for the minister as an individual, no matter what our personal attitude may be as to the ultimate

consequence of what has been done, the failure of the minister to observe the law as passed by the parliament of Canada disentitles him to continue in this office, no matter what other office he may get; and confidence in the administration of this act and other acts cannot be restored while he is the Minister of Justice and Attorney General of Canada.

That is the situation with which we are confronted. The explanation given this morning only adds to the concern that everyone has as to what else may have been done by those who still hold this point of view in regard to the responsibility of government to parliament. What has been done cannot be changed, but it is our duty to maintain public confidence in our system of government. It is the duty of parliament to assert its authority and to demand that the government respect its responsibility to parliament as a whole. Therefore the course that has been indicated is the course that should be followed in the interests of the preservation of our system of responsible government and the restoration of confidence in the minds of the public that, to use the words of Dicey, every official, from the Prime Minister down to the constable or collector of taxes, shall be under the same responsibility as any other citizen for every act done without legal justification.

Mr. St. Laurent: Mr. Chairman, I shall not take more than two or three minutes to answer the long speech of the leader of the opposition, delivered in the solemn tones he has used, with his reference to great principles and so forth. With all that no one disagrees; but with the facts as they exist I think no one can disagree, not even the leader of opposition and the other members of the opposition.

The leader of the opposition closed his remarks by saying that what has been done cannot be changed. That is the kernel of this whole debate. What has been done cannot be changed, and what has been done was done inadvertently by pressure of time. The law requires that a certain thing be done within fifteen days. The report was not published within fifteen days because neither the minister nor any member of the government had been apprised of it. After the fifteen days had elapsed, what had not been done could not be changed.

The law does not say that if there is inability to comply with the requirements during that period, it shall be done as soon as possible afterwards. The law says that it shall be done within fifteen days and it was not done within fifteen days. That is the situation in fact. The leader of the opposition says that there was no lawful justification or excuse or anything else; but there was the factual justification and excuse in that the commissioner under the Combines Investigation Act says that it is now, in a different case, an impossibility to make publication in the way that has always been regarded as proper compliance with the statute. That is what had taken place before anyone's attention was called to the matter at all.

As the Minister of Justice said this morning, afterwards there was no possibility of complying with the express terms of the law, but there was the matter of propriety to be considered. Hon. members may form their own opinions whether the reasons given to justify the propriety of the delay after the fifteen days had gone by were or were not good reasons. That is something which has nothing to do with compliance with the statute. The statute had not been complied with, and could no longer be complied with. There remained the question of propriety as to what was the right thing to do afterwards.

Explanations have been given for the delay that occurred in choosing and fixing a time when publicity would be given to this report. The report contained suggestions that a line of conduct should be adopted which the government felt it was not proper to adopt under the circumstances, because we knew what had been the reasons for the conduct of those who are named as having been guilty of practices prohibited by the Combines Investigation Act.

That is the whole situation. The failure to make a report public is not a continuing offence as the leader of the opposition suggests. You cannot continue the offence. If a thing has to be done within a certain time, it has to be done within that time or it is not done within that time. After the time has expired there is no further possibility of going back behind its expiry and performing the act required. What has been done cannot be changed; and it was not done, as the leader of the opposition suggested, by deliberate omission or by a plan for holding back the report. The question of publication did not arise at all before the fifteen days had expired.

The leader of the opposition said the law was broken not by pressure of time but by deliberate decision. That is entirely contrary to the fact. It was broken by pressure of time, and there was no deliberate decision not to publish within fifteen days, because the question had not arisen. Afterwards the law was not operative, because it could not be complied with, and it was a question, as

the Minister of Justice has said, of what it was proper to do after compliance with the statute had become impossible. The minister has explained why what he did then was considered by him and by his colleagues to be proper under the circumstances.

Mr. Knowles: Mr. Chairman, I am at a loss to know which is the more amazing, the statement made this morning by the Minister of Justice or the statement just made by the Prime Minister. It seems to me that the longer this is carried on the worse it gets. I am surprised that the Minister of Justice reopened the question this morning at all. I shall try to deal briefly with some of the very simple facts about this case in relation to what has been said this morning. The Minister of Justice made a great play on the use of the words "publication" and "publish". Section 27 (5) of the act says nothing about publishing. It simply requires the report to be made public.

A few days ago I referred to the fact that the Consolidated Revenue and Audit Act requires the Minister of Finance to lay on the table of the house on October 31, if parliament is then in session, the public accounts and the report of the Auditor General. On October 31 of this year the Minister of Finance had not secured the printed copy of the public accounts and the report of the Auditor General. Did he use that as an excuse for not complying with that section of the law? No; he tabled a typewritten copy. He obeyed the law and made it public. Many items in the Auditor General's report were in turn made public to the country by the press, which had access to it when it was laid on the table of the house. There were plenty of ways in which the Minister of Justice could have complied with the law by making the McGregor report public when he received it. All he had to do was to call in the press, lay one copy before them, and say, "Here it is." The press would have done the rest.

The Minister of Justice made a great deal out of the mechanical delay occasioned by the difficulty of having the report printed. I remind him, as the leader of the opposition has already reminded him, that in his earlier defence he said nothing at all about mechanical delay. In the earlier defence he, the Minister of Trade and Commerce and the Prime Minister all said that deliberate decisions were taken to delay publication of the report. If there is any argument about that I have the references, and—

Mr. Garson: If my hon. friend will permit me to interject—I know he wishes to be fair: these decisions were all made after the statutory period had elapsed.

Mr. Knowles: I will come to that.

Mr. Garson: That is very important.

Mr. Knowles: Oh, yes; I have it in mind and I will come to it. I am not a lawyer, but I have learned a bit about law this week.

The point I wish to make is that in the previous defence that was made for the action of the government it was said by the three ministers I have named that deliberate decisions were taken to delay and to continue to delay. Granted for the moment that the decision was made after the fifteen days had elapsed, never before was it said to us that it was because they could not get the report printed. I will come to the point raised by the minister in a moment, but I submit the delay was not due to mechanical difficulties; rather it was deliberate.

The minister also sought this morning to rely on the absence of certain words in the section, an argument which I confess was startling to me. He said that section 27 (5) of the act says that the report shall be published within fifteen days after it is submitted to the minister, but the section does not say by whom. The section makes it perfectly clear it is the minister to whom the report is transmitted. The section also makes it clear that, if under certain circumstances the commissioner were to tell the minister that he did not feel it should be published, the minister still has the authority to override that recommendation and make the report public. In other words, the plain ordinary meaning of the language, which reasonable and ordinary people would take from it, is quite clear, namely, that it is the minister who must make the report public.

The minister threw out a question. Let me throw one to him. Who, does he think, is supposed to publish the report according to the section? Does he think it was Mr. McGregor? What would have happened if Mr. McGregor, when the report was not published by the minister within fifteen days, had taken it upon himself to publish it? That would have been the end of Mr. McGregor. The minister would have said: That is my responsibility.

Mr. Garson: My hon. friend is really not being very fair in his comments upon what I said. What I said was that if my hon. friends of the opposition wished to be as technical as they are in all the arguments they advance, here was a matter upon which they could be technical. My hon. friend is

being technical about it now. I did not suggest for a moment that it was a substantial argument to which I was subscribing; I was suggesting that it was something to which my hon. friends might apply their technical minds.

Mr. Knowles: The minister says it was not an argument on which he was relying, but he certainly threw it out, and the inference was that he had something there.

Mr. Garson: For you to be technical about.

Mr. Knowles: It is very interesting that whenever we try to get down to the simple language of what the law clearly says—

An hon. Member: Very simple.

Mr. Knowles: That is right; it is very simple. Tell that to the minister. When we try to do that we are accused of being technical. The law clearly says the report shall be made public within fifteen days. That has been the whole argument all the way through, and sections 164 and 573 of the Criminal Code, which have been read this morning are equally simple, clear and direct.

When the Prime Minister got into this a little while ago he developed the argument made by the Minister of Justice that the deliberate decisions made by the cabinet were made after the fifteen days had expired. There is no argument that deliberate decisions were not made. The Minister of Justice, the Minister of Trade and Commerce and the Prime Minister have all given evidence of that fact.

May I draw the attention of the Minister of Justice to the fact that when I asked him on what authority the government relied when it made its decision to violate the law, he said it relied upon the fact that any democratic government is answerable to the people of the country for its acts. All right. If the government continued to make the decision to keep the report secret after the fifteen days had elapsed on the authority that it had because of its responsibility to the people, how does the government explain that it kept it secret until after the 27th of June? How does the government explain that it proposed to submit this matter to the people, not when it was an issue but in 1953 or 1954, whenever the next election takes place? It seems to me that is one of the most iniquitous features of this whole matter. We had a session of parliament last spring; we were here from January until the end of April. For all I know the report may have been printed during that period of time, as some of my friends say it was. We were here, but it was kept secret from us. Then the government went to the country. The Prime Minister has said that the Liberals had all the trump cards, but this card was kept secret from the people as a whole.

I cannot understand the law which the Prime Minister enunciated here this morning when he said there was nothing in the act which sets out what the government must do if they have broken the fifteen-days provision. In other words the inference is that if they have broken it by one day it does not matter if they continue to break it by ten months or ten years. Surely the plain meaning of the law cannot be stretched in that way. This morning the Prime Minister objected to the solemn tones of the leader of the opposition and to his references to great principles. I do not think it becomes the Prime Minister to use that kind of language. What we are trying to do is to defend some things that are simple, basic, sacred, and fundamental to our democracy—that is, the maintenance of the law, and the rule of law, which all must obey.

It was also said this morning by the leader of the opposition and taken up by the Prime Minister that what is done is done and cannot be changed. That was what the leader of the opposition said; and the Prime Minister replied: Well, that's it; it has been done and cannot be changed, so what are you talking about? As I understand the whole rule of law, when people have done things that cannot be changed we may admit they cannot be changed, but there is such a thing as punishment; there is judgment which is meted out to people because they have broken the law. It is not pleasant for us to suggest that, as the other Stuart lost his head, this one should do so as well; or to suggest that he should spend a year in jail; or that the Minister of Trade and Commerce and the Prime Minister, who conspired with him in this matter, should spend seven years in jail, as set out in the Criminal Code. It is not pleasant for us to suggest that the minister should resign. But when the Minister of Justice and the Prime Minister continually come before us and insist that they had the right to break the law, which is what they have done again this morning, we have no alternative but to take that position.

I regret that the Minister of Justice put this matter on a personal basis. He knows, as some of us on this side have said, that we do not treat it in that way. We are thinking of him in terms of the office he holds. But he has chosen to do it that way, and throughout the piece has not made one iota of apology or given one indication of being prepared to throw himself on the mercy of the house. No; they reopen the matter even after it has been

closed. I may say I had my file in this connection here on my desk, and even I was not sure that I could summon enough nerve to bring up the matter again when we reached the item dealing with the Combines Investigation Act, in view of the general opinion that this session should end. But the minister has done it for us, and done it in what spirit? He has done it in the determination to show that though he has clearly broken the law, he simply says: That is nothing; it is just an obsession with the members of the opposition.

Well, Mr. Chairman, the issue is really crystal clear. Even yet I believe the Minister of Justice and the government should change their whole attitude and express to the house and the country some real measure of apology. If they do not, we have no alternative but to continue to refer to what happened to that other Stuart; to continue to refer to instances in British parliamentary practice of ministers who have resigned because of acts like this, and to continue to refer to sections 164 and 573 of the Criminal Code, which provide one year's imprisonment in the one case and seven years' imprisonment in the other for those who do this sort of thing. The country expects some one of these courses to be followed.

Mr. Macdonnell (Greenwood): I shall not detain the committee long, Mr. Chairman, but it seems to me that what has happened this morning is easily the most extraordinary thing that has happened during the course of this whole discussion. As the last hon. member to speak has said, it is probable that if the minister had not taken the most unusual course he adopted this morning of introducing this subject on a point of privilege, this matter might have rested where it was, at any rate for a time. But what has the minister done? First of all he has made what I might call, though I do not want to use the word in an offensive way, a sentimental appeal, which I am sure affected all of us, just as the last speaker said. But what did he do after that? Certainly there was no sign of a guilty conscience, but if there had been any sign of repentance it seems to me there still would have been a disposition on the part of those on this side of the house who have been critical to go as far as they could with the minister.

But what did we get then? We got a hair-splitting, logic-chopping defence. I am not going into the details, but it was the kind of defence a lawyer would bring up in a criminal case if he had no defence on the merits. He would get down to some technical, narrow and, as I said, hair-splitting issue; and if ever there was hair-splitting it was in the two suggestions made by the minister. The first was that once you got to the sixteenth day it did not matter any longer. Here I turn to the Prime Minister's words, that once you passed the fifteen-day period the law was not operative. Apparently he took that idea from the Minister of Justice, though the Prime Minister is perfectly competent to reach his own conclusions. That was an extraordinary thing for the Minister of Justice to say to us—in effect, that once you got to the sixteenth day it really did not matter what happened after that. Then, as I say, we had nothing but what I would call a narrow, police-court, technical defence, there being no defence on the merits.

Then we come to the extraordinary speech by the Prime Minister, which to me is far worse than what was said by the Minister of Justice. In fact to me it is by far the worst thing that has occurred in this debate, partly because it came from the Prime Minister and partly because it came from a great lawyer. He began by saying that this had been done "inadvertently". As I understand it, that means without quite knowing what you were doing, when you were off guard, or when you were not looking. That was not the case here. One afternoon the Minister of Justice spent at least two and a half hours explaining to us in great detail how it was anything but inadvertent. He gave us a great many reasons, as a matter of fact, why it was justified, explaining to us how it had been carefully considered. After all that we have the Prime Minister come along saying it was "inadvertent" and pooh-poohing the seriousness of it, as was mentioned by the hon. member for Winnipeg North Centre.

Then we had perhaps the most extraordinary remark of all by the Prime Minister —that after the fifteen days the law was not operative. In other words, as I said a moment ago, once you got to the sixteenth day it did not matter what you did in the intervening months—incidentally during the time parliament was sitting, and during the time of an election campaign. According to the Prime Minister, during all that period they were perfectly free to do what they liked, because on the sixteenth day they had broken the law and therefore nothing worse could happen. It has been suggested to me that this is exactly as though a man who was carrying a pistol in his hand said, "Well, I am breaking the law anyway; therefore it doesn't matter much what I do with this pistol."

I have just one thing to add. When I spoke before on this matter I said we were still in the position of having had no apology and no promise for the future. It seems to me this morning that was doubly and triply underlined and doubled and triply worsened by the fact that the Minister of Justice came

here and raised the question again, giving this entirely new reason, this entirely new line of argument, more or less as an afterthought. Worst of all we have the Prime Minister coming in, again with no apologies and no promise for the future, pooh-poohing the whole thing and saying this is just a funny idea we on this side have dreamed up. I cannot help but believe that the minister, with his legal experience, must have listened to those sections of the code with some interest. I only knew of them myself yesterday. Certainly they seem to tell a very simple story.

Again I say, as I said before, that I hope and believe the government has not heard the end of this yet from the people of the country. I believe what has happened this morning will make the people of the country wonder what sort of custodians of the law they have in the Minister of Justice, and in the Prime Minister who aids and abets the Minister of Justice in the most extraordinary line of conduct he has followed this morning.

Mr. Fournier (Hull): I do not wish to interrupt this interesting debate, but yesterday I undertook to say that we would try to pass item 122, remission service. My colleague the Solicitor General, who administers this item, has an engagement and is forced to leave Ottawa this afternoon. With unanimous consent I should like to have item 122 called and try to have it disposed of before one o'clock, if that is possible.

Mr. Drew: What will the procedure be with regard to the discussion that is now taking place?

Mr. Fournier (Hull): I gave an undertaking that we would consider the Department of Justice estimates this morning for some time, and then would revert to the Department of National Health and Welfare at three o'clock.

Mr. Drew: I am not prepared to make any concessions. We came here this morning to discuss the estimates of the Minister of Justice, and, as a matter of privilege, he chose to make a further explanation of the unexplainable. He has raised the question, and has been supported in that by the Prime Minister. This is a most serious situation, and deserves continued debate. A remark was made which implied that, because something had happened, nothing could be done. I want to leave no suggestion that I think nothing should be done. I thought I had made a clear suggestion as to the first step, and that is that under our constitutional procedure the minister should resign, in order to restore confidence in his department. Unless the interruption is only for the purpose of passing an item, and then returning to this debate, I regret very much that I cannot consent to any other procedure.

[Mr. Macdonnell (Greenwood).]

Mr. Fournier (Hull): I did not think the leader of the opposition would take that position. Last night I announced, and I mentioned it twice, that we would take up for some time this morning the estimates of the Department of Justice for the purpose of passing item 122, remission service, in order to accommodate my colleague, the Solicitor General. Then I announced we would take up national health and welfare. I do not want to lecture the leader of the opposition, but under the rules, the business of the house is decided by the government. At three o'clock this afternoon we will take up national health and welfare.

Mr. Fleming: I rise to continue this discussion, sir. What a spectacle we have witnessed in this House of Commons this morning! This is the most astounding chapter in what has been undoubtedly one of the darkest incidents, if not the darkest, in Canadian parliamentary history.

The Minister of Justice must have been lying awake at night thinking about this subject, because this morning he came here having thought up one bright new idea. He put forward the trivial excuse that he could not do otherwise than break the law, after spending hours in this house in recent weeks trying to justify what he did. Now he has dreamed up this latest excuse, and he says: Oh, I could not have done otherwise than break the law, because I could not get the report printed in time.

The minister began with what may fairly be termed a maudlin appeal to sympathy. It is completely irrelevant. Then he grasped at straws. He said: We could not have the report published, because we could not print it. That is not an answer that would appeal to the intelligence of a public school child. The statute says it is his duty to make it public, and a delay in printing is no excuse for a failure to comply with that provision. What we have witnessed here, sir, in this last and most trivial of all his excuses, this grasping at straws on the part of the Minister of Justice, has been an incredibly inept and desperate attempt to palliate, in a belated and blundering brainstorm, a deliberate, calculated and callous breach of the law.

Whether his breach of the law was due to inexperience in obeying the law, or to weakness and impotence in the face of the behests of a blustering dictator in the cabinet, or a reprehensible attempt to cozen the votes of unsuspecting Canadians at the polls on

June 27, the fact remains that the Minister of Justice, who should be the chief law enforcement officer of Canada, has become Canada's No. 1 lawbreaker.

The Prime Minister, sir, in the amazing statement which fell from his lips this morning, tore to shreds that fundamental principle of our democratic and parliamentary institutions, that all men, regardless of rank and quality, are equal before and under the law. No man, whether or not he is a minister of the crown, has any right to override the law. It binds him just as much as it binds the humblest citizen in any walk of life. The Prime Minister, along with the Minister of Justice, has torn that fundamental rule to shreds. Those who sit with him on the treasury benches, participating as they did with the Minister of Justice in this deliberate breach of the law, are equally guilty.

Then, sir, what is the responsibility of every member in this house? I ask hon. members opposite, who will return to their constituencies shortly: are they going to go home and say that they have been parties to upholding this government in its wilful, flagrant breach of the law?

An hon. Member: Yes.

Mr. Fleming: It is a tremendous responsibility for any Canadian to bear, most of all a Canadian who has been elected to parliament, and who has taken his oath to uphold the laws of this country.

Item stands.

At one o'clock the committee took recess.

The committee resumed at three o'clock.

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

252. Departmental administration, $794,605.

Mr. Blair: When the house rose last night the minister had made a statement on the new products which were introduced in this country. I am glad the minister made that statement, because among other things he pointed out that while these products had been discovered, yet they were not available to the public at the present time. It remains for another discovery to be made. In ways other than the way the minister cited this product will have to be produced in a synthetic form. I appreciate the fact that in his speech the minister pointed out that these products are not available to the public. We would not like to delude the public into thinking that these things are available and could be used in the form of treatment.

The statement made by the minister deserves a great deal of consideration, because this is one of the most important discoveries made for years. In fact it may revolutionize the whole system of treatment in medicine. In making this statement I should like to pay tribute to Dr. Collip and to Dr. Browne of McGill university and Dr. Selye, those Canadians who have done so much research and have played their part in making this product available to the public.

We should view with pride the fact that Canadians have been in the forefront in scientific research and investigation, and especially in the investigation of this product that will bring so much relief to suffering humanity. Therefore I wish to pay tribute to a man like Dr. Collip, for instance, who has done so much work in endocrinology, and to the other doctors who were associated with him, especially those Canadians who have made this product possible, and to the other workers. It is a sample of co-operation between research workers both in Canada and in the United States.

As the minister pointed out, we should be very careful to indicate to the public that while these products have reached the first stage in research, before they can become available to the public further work must be done, and that work is making them available to the public in a synthetic form.

Mr. Fleming: Mr. Chairman, I have nothing to add to the words which the hon. member for Lanark has so well spoken concerning the statement made last night by the minister, except to say that every Canadian must view with a thrill of pride the noble part played by Canadians in the research work which has led to discovery and development of these two new drugs, cortisone and ACTH.

Sir, my remarks on this first item are going to be intentionally brief. We are dealing here with the estimates of a department which this year call for an expenditure of $397 million, in round figures, representing an increase of more than $21 million over the estimates voted for the same department last year. On the health side the total estimates amount to something over $47 million, an increase of more than $5 million over last year's estimates. On the welfare side the estimates amount to $350 million in round figures, an increase of over $16 million, compared with the total of $334 million appropriated on the welfare side of the department last year. In case there are any who look upon these proposed expenditures on health as large, I should like to say briefly, sir, that there is abundance of irrefutable evidence that ill health is one of the greatest causes of national economic loss. Dr. J. G. Cunningham, Ontario provincial director of industrial hygiene, recently estimated that

Canadian industry loses $100 million a year by sick absenteeism. He also pointed out that in Ontario alone a cut of one-third in time loss through sickness and accidents would save industry in that province alone $35 million a year, and that Canadian doctors are accordingly campaigning for wider industrial medical services. He added:

Besides the dollar saving, they know industry will come to be the biggest field in preventive health work.

Can we assume, sir, complacently that the nation's health is sound? Those who so assume must have been rather rudely jarred by a statement made by Mr. J. H. Ross of Calgary, acting chairman of the National Council of Physical Fitness, in Ottawa on September 22, when he is reported to have said that there is a likelihood that Canadians are not as physically fit now as they were on V-E day. That is a striking statement from a man who is the acting chairman of the National Council of Physical Fitness. Therefore I say, sir, in the face of indisputable evidence as to the very serious loss that ill-health creates each year, no one will begrudge sound expenditures on the national health. All will wish, however, to see the utmost benefit from the taxpayer's dollar so spent.

But, sir, I do not think this committee can be satisfied with the progress that is being made in the field of health under the present administration. Had these estimates come up at an earlier stage of the session, I should have welcomed the opportunity to develop this theme more fully. But on this matter of delay in proceeding with a program of national health insurance I must perforce be brief. I recall, sir, what the Liberal party itself said in its promising mood, that mood in which it can be quite clear in its statements. When in such a mood it wrote into its platform at its convention in this city in 1948 these words:

The program—

That is to say, its national program of social security—

—will include—

And note the words that follow—

—health insurance covering medical, dental, surgical and hospital health services on a contributory basis.

I say, sir, these words are clear. There could not be anything clearer than that statement. In its promising moods that party is clear; but what about its moods of performance? Well, sir, there is anything but clarity in what we find by way of performance. On a number of occasions this house has tried to smoke out the present minister and the government on the subject of performing its promises to give this nation a national contributory system of health insurance, which will provide those benefits that were promised in the passage that I have just quoted from the national Liberal platform. We do not find a clear statement coming from the minister on the subject; we do not find performance, but lacking that on the ministerial level we do find something more encouraging on the official level.

I have before me a press dispatch of September 14, reporting a statement made by Dr. F. W. Jackson, director of insurance studies in this department, in his address to the Ontario Medical Association, District No. 5, at Streetsville that night. The press dispatch attributes to Dr. Jackson this statement:

A complete health service, including hospital and medical care insurance operated and organized by the provinces for the Canadian people, was predicted by Dr. F. W. Jackson.

Dr. Jackson said the evident demand for health insurance by the public and the acceptance of this fact by the major political parties would bring such a scheme into being.

"Our objective must be to see that everything medical science has to offer for promotion of health, prevention of diseases and cures of illnesses will be available to every citizen of Canada, no matter where he lives or what his economic status may be," said Dr. Jackson.

Now, sir, it is perfectly clear from statements which have emanated from responsible medical sources that the medical profession of this country is studying health insurance. At the same time that profession has set its face, as I hope we all have, against anything savouring of state medicine. For instance, one reads this report on the convention of the Canadian Medical Association at its meeting in Saskatoon on June 18:

The 13,000 doctors in Canada today are probably more concerned about health insurance than they are with any other facet of their profession.

Health insurance—how it is and how it might be operated in Canada and the forms it takes in other parts of the British commonwealth—overshadowed any other feature of the five-day Canadian Medical Association convention, which wound up here yesterday. Technological advances, usually the centre of interest, took second place . . .

The General Council held lengthy closed conferences on the subject and issued a report giving the association's official stand. It said the C.M.A. proposed to adopt "all means within its power to further the development and extension of prepaid medical care plans in Canada." But a national compulsory program of health insurance was described by Dr. Magner in an address as abhorrent to the medical profession.

On this same subject Dr. W. E. Gallie, former dean of medicine at the university of Toronto—

Mr. Martin: Would it not be better to discuss this subject under item 267?

Mr. Fleming: As there has already been a discussion of the subject of a national health insurance plan in which at least two other hon. members have taken part, I think it

would perhaps contribute to saving time if I were to make my remarks now. I do not propose to discuss it at great length.

Dr. Gallie, in a statement at convocation of the university of Toronto on June 18, said:

> State medicine must be resisted by every means within our power . . . If medicine had been socialized thirty years ago, as it is now in Great Britain and New Zealand, Fred Banting and Charles Best never would have entered the medical profession. And diabetics would still be dying . . . State medicine would change our glorious profession into a political-ridden, form-writing department of the civil service.

I do not think I need develop this subject further, except to quote one more statement. This is the statement of Dr. A. D. Kelly, of Toronto, before the annual Canadian Public Health Association convention at Halifax on June 28:

> We believe that the highest standards of medical practice are promoted by permitting patients freely to choose their medical advisers and the present opinion is that remuneration of doctors by fee-for-services also contributes to this end.

Sir, the Minister of National Health and Welfare has been asked repeatedly for a clear statement as to what the government are going to do, and do now, to fulfil their promise that they would introduce a national contributory health insurance plan. We do not want any more of those generalities, those evasions, which we have been given in the past. We want a clear statement, and we want an assurance of action.

I wish to make good my promise to be brief in these remarks on the first item. May I offer one or two suggestions to the minister as to how we might proceed more expeditiously, and, I suggest, more efficiently, in the discussion of the estimates. We have had considerable discussion on several occasions recently concerning reports and the giving of information. I think it is a deplorable fact that we must spend time in the committee of supply on these estimates trying to draw out information that ought to be available to hon. members long before they reach this stage of debate or this final stage of the session. If we are to do our duty in respect of these estimates it will be necessary to ask for certain information, but I want to place the responsibility for our having to ask for that information at this stage and in this committee squarely upon the shoulders of the minister, because the report of his department for the fiscal year ended March 31, 1949, has not been made available to hon. members. The last report from that department is the one for the fiscal year ended March 31, 1948, twenty months ago. The last fiscal year ended eight months ago. How much time is required to get out and to circulate these annual reports?

Section 11 of the Department of National Health and Welfare Act, chapter 22 of the statutes for 1944-45, states:

> The minister shall submit annually a report to parliament in such form as may be prescribed by the governor in council.

That is to be done annually. Apparently the minister's idea is that he will submit the report to the next session of parliament, at which time it will be stale. I put the responsibility squarely upon the minister for failing to make available to members of parliament the report of his department for the fiscal year which closed eight months ago. We do not want any more excuses about the difficulty of having the printing done. Surely eight months is ample time to print all the reports of government departments. If it becomes impossible for the government, working at its lethargic pace, to have these reports printed, then certainly their minimum duty is to provide reports in another form which would not take as much time. There is a great deal of information an annual report contains which should be available to all members. Because of the default of the government in carrying out a plain duty, that report is not available.

The other suggestion, looking to the saving of time at this stage of the session and in this committee of supply, has reference to reports of expenditures over the year. For the last six sessions I have raised this question with the present minister, pointing out to him that before the estimates of his department pass we wish to know item by item, and in the aggregate, the expenditure of the department in the last year. We are given in the volume of estimates the appropriations for the year. This is a young department, and one can understand its difficulty in coming close in its estimates. We hope the department has now developed to the point where the estimates will be much closer and more accurate than they have been in times past.

To save time, I am asking the minister if he will give this committee of supply, before we leave the first item, the actual expenditures in the last fiscal year, item by item, so that it will not be necessary for us to rise on every item and ask the minister what the expenditures on that item have been in the last fiscal year.

Mr. Coldwell: Mr. Chairman, like the hon. member who has just taken his seat, I intend to be brief. I, too, join with other hon. members in saying how pleased I was last evening to hear the minister's statement that some important discoveries had been made for the relief of arthritis, one of the great scourges in our country. I am hoping that

that discovery will fan out to other incurable diseases of a similar nature which have caused untold misery and suffering among so many of our people for long periods of time.

This is a very important department. Like the hon. member for Eglinton, I too hope that during the lifetime of this parliament we may have a comprehensive plan of health benefits placed before the house for its consideration. Unlike the hon. member, I do not believe that we should fight shy of consideration of a completely socialized medical and health plan. I noticed his reference to Great Britain and New Zealand. Well, we shall know more of the working out of those plans in the course of the next few years. Although I did not bring it with me, I remember reading a statement made to a meeting of the medical profession in my own province by a well-known British doctor that was far from critical of all details of the plan in effect in Great Britain. I have followed closely the reaction of medical men and of the people generally in Great Britain. One point we should consider is that no matter what government may be in power in Great Britain after the next election, the popularity of the health plan inaugurated by the Labour government will be continued. The opposition party is pledged to expand rather than contract it. I have placed before the house on previous occasions evidence to show that doctors who were opposed to it when it was established are now speaking favourably of the plan.

I do not want to read any of these opinions at this stage of the session, because I do not think they would be of material interest in connection with the problem we are now discussing. What I really rose to say was this. We may talk about health plans all we wish; we may talk about advances in medical science; we may talk about the benefits conferred by a national health plan of medical aid and hospitalization, but after all, we must build up the health of the people right from the ground. In other words, we have to start by seeing that the children of this country are healthy and well fed. I have very high regard for the minister's interest in these particular matters. Interested as his department is in nutrition, I think the minister should place every pressure upon his colleagues in the cabinet and upon the various departments of government concerned so that there will be work for those who need work, help for those who cannot work; so that families will not be faced with undernourishment, which creates the greatest and most permanent difficulty in the field of health.

[Mr. Coldwell.]

I have in my hand a clipping which I took from the Ottawa *Citizen* of the night before last. It is dated from Halifax, Nova Scotia, and reads:

> Increasing numbers of undernourished children attending Halifax schools is causing city health and welfare officials serious concern, a civic official said yesterday.
>
> Doctor R. G. Rice, director of child health for city schools, told the public health and welfare committee the situation was a result of poor economic conditions in many Halifax homes. The high price of milk had caused it to disappear from many tables in the city.
>
> Breakfast was the poorest meal of the day for many children, he added. "A surprising number of children come to school with no breakfast at all; others have only tea and toast."

Yesterday we were discussing the international children's relief fund. I warmly supported our contribution to that fund, but I said that while I believed in relieving distress among people beyond our borders, I thought that charity should begin at home and that we should see that something was done for the undernourished children of this country. The statistics show that because of the high cost of living, which has been made greater by increased rents, thousands of children are undernourished.

I do hope that a national health plan will not be delayed on the excuse that we have not sufficient hospitals, that we have not sufficient hospital beds, that we have not sufficient doctors or sufficient nurses. If we wait for all these we shall not put into effect the kind of national health plan that we need. I do not think we should wait until we have hospital accommodation and facilities. Indeed I think public opinion will support the building of hospitals and medical institutions and other facilities as they become more aware of the fact that they are needed. Once we begin to root out the people who need treatment in these institutions, public opinion will become aware of the necessity of providing greater appropriations for the hospital and medical facilities that we need.

I ask the minister not to delay this. Let us go forward. Let this parliament and this government fulfil the promise made in the Liberal manifesto which the hon. member for Eglinton read, so that we may have a national health plan. I should like to see that national health plan a part of a general social security plan. I am not sold on the piecemeal idea of saying: Let us have national health insurance on a contributory basis, or: Let us have old age pensions on a contributory basis. What we need is a comprehensive social security plan on a contributory basis providing for unemployment relief, family allowances, old age pensions, health and the other social security measures that we need.

The world is moving fast in that direction. I am not afraid to advocate what is sometimes called the welfare state. I know that that term has been used as a term of ridicule by the opponents of measures of this kind, but if we go back into the history of free peoples for the last fifty or one hundred years we find that as people became more secure in their jobs, with old age pensions at the end, with better health and all the rest of it, the efficiency of the individual and of industry has increased, apart altogether from the improvement in the field of health and the greater happiness of mankind. This is the main thing for governments to consider.

I know it is sometimes said that these social security measures would give the people a great deal of leisure, that they would not have to think so much of the future and it would therefore undermine initiative, and all the rest of it. Looking back over history I see that those within the British commonwealth, many men and women, who contributed to our culture, many of the great poets, the great writers, the great painters, the great thinkers and the great political leaders, were not faced with economic insecurity. Very largely they were people who were economically secure, both in their productive years and at the end of their lives. Consequently I think that this is one problem this parliament must face; it is one obligation that must be assumed, to see to it that we have a national security plan, and as part of that plan I would give priority at the present time to an all-inclusive national health plan.

Mr. Gillis: Mr. Chairman, I feel that in the field of health the federal government is doing all that can be done within the terms of the constitution. While health grants are made by the federal government to the provinces, many of the provinces have not the funds with which to take advantage of them, because they are contingent upon the provinces being in position to put up dollar for dollar with the federal government. I am glad the government has seen fit to take steps to amend our constitution because I have been of the opinion for a long time that those in authority provincially, and who have had the responsibility for social security measures without having the funds to provide them, were very shortsighted in wanting to maintain their jurisdiction to take care of the poor, the maimed and the afflicted, without being in a position to do very much about it. In the time that the health program mapped out by the federal government has been in operation, it has done very little to take care of the people actually affected.

So far most of the grants have been utilized in the expansion of hospital bed space. So far as my own province is concerned, and I think it is true of the whole of Canada, there is not much use building hospitals, training nurses and providing specialists if the people who are afflicted are unable to pay for these services. There is not much use improving, as they did, the Halifax general hospital and at the same time fixing the rates at $6 to $12 a day thereby making it impossible for ninety per cent of the people of that province to get into the hospital. That is something that will have to be corrected. I am reliably informed that some of the provinces have suggested to the minister that the federal government is placing them on the spot by offering certain amounts of money to be matched by the provinces for the purpose of expanding this program. That is positive proof we are not going to make the progress in national health we desire to make until such time as constitutional arrangements are made which will enable the federal government to put into operation the measures for which appropriations are made.

Last night I listened with a great deal of attention to the statement of the minister as to the development of new drugs, and I also read very carefully his statement in the press. I believe that the minister, as a layman in the field of medicine, feels that great progress is going to be made, particularly in the treatment of arthritis. In the section of the country from which I come, anyone who has worked for any length of time in heavy industry, particularly in the mines, is afflicted with some form of arthritis, rheumatism or allied diseases. Changing temperatures, heavy work and injuries from time to time bring that about. I know that the mining section of the north is affected in the same way.

I am sceptical whether the development of new drugs under the present plan will bring much relief to those who suffer from that affliction. In the great majority of cases those who suffer are unable to pay for specialized treatment. Drugs of that description are going to be expensive, and if they are going to be handed over to the drug manufacturers of North America, one of the biggest combines on the continent, after their development by the expenditure of public funds for research, very little of these drugs is going to trickle through to those who cannot afford them. The same thing applies to streptomycin and penicillin. They are expensive drugs, and in the great majority of cases those who need them most, and cannot pay for them, do not receive them. While we are taking the initial steps in the development of the two new drugs mentioned by the minister, with all their potentialities

in the field of medicine, I hope the government will also see that the formulas for these drugs are kept as the property of the Canadian government until such time as a price can be arranged to fit the incomes of people who may be in need of that particular form of treatment. There is no use developing them unless they are going to be made available to the people who suffer. I know that with all the talk you hear about developments in the field of medicine—

Mr. Hosking: May I ask a question?

Mr. Gillis: Yes.

Mr. Hosking: Do you say the same thing about insulin?

Mr. Gillis: Certainly I say the same thing about insulin.

Mr. Gauthier (Portneuf): You should not.

Mr. Gillis: What I say is that if the government is going to provide public funds for research, once the formula is perfected, once tests are made and the drug is marketable, the government should see to it that its price is kept within the reach of the average person who may be in need of it. That applies to insulin or any other drug on the market where public funds were used to develop it. When I was interrupted I was about to say that I have taken an active interest all my life in the field of medicine. In the section of the country from which I come we developed our own scheme of co-operative medicine forty years ago. We hired our doctors on a panel system. We signed contracts with them and fixed the price for their services, including drugs, operations and everything else connected therewith. I helped to develop that system. We built our own hospitals and staffed them. The hospital boards consisted of members of the medical profession, mine workers and steel workers. We had the eight-hour day for our nurses a long time before it was ever thought of in similar institutions. I will say without fear of contradiction that medical services today in that particular part of the country were never at such a low level as they are at the present time.

Instead of building up and taking advantage of the advances that have been made, a deterioration has set in. Right at the present time the system of contracts and the arrangements we had, which I thought were very fine, are going by the board. Wrangling is going on in the community at the present time as to the fees for the medical profession and the price of drugs. In my opinion it has all come about because there has not been any supervision of the cost of drugs in this country. The du Pont company in the United States fixes the price of drugs for the whole continent. That is why I say that drugs now being developed under government supervision should be carefully handled as to price and everything else so that people who suffer may have the advantage of them without the drug manufacturers fixing the price and using these drugs for commercial purposes rather than for suffering humanity.

Another suggestion I made ten years ago, and which I followed up from time to time, had to do with research in the field of silicosis. The mining districts of the north country are particularly bad. There was some talk about it in the house a few years ago but it has died out. Five years ago there was a lot of research being done. When I raised the question I was told the compensation boards were carrying on research, the Rockefeller institute was carrying on research, and everybody else was carrying on research. But nothing has come out of it. There are men in the north country particularly, and to some extent in the coal mining districts, forty or forty-five years of age, who are relegated to the scrap heap because they are suffering from that particular disability. There is nothing worse, and nothing is being done about it. The minister has in his department a small branch concerned with industrial hygiene.

Mr. Martin: They are working on that all the time.

Mr. Gillis: We do not hear a word about it.

Mr. Martin: We have not succeeded in getting all that we want.

Mr. Gillis: That does not do people very much good when they are suffering from that disability and have no means of livelihood. It is a compensable disease under the workmen's compensation acts of the different provinces. But just try to prove you have silicosis! It is rather difficult to make it stick for compensation purposes. I know the minister has not much control over that, but intensive research should be carried on as to that particular angle.

Mr. Martin: It is being done.

Mr. Gillis: Then don't hide it. Tell the people it is being done, publicize it, and give some hope to those who may be suffering from this disease.

My main reason for rising at this time was to focus attention on the fact that while I am sure the minister means well, when he gets up and tells us relief may be in sight for thousands of people in this country who suffer from arthritis I cannot help but think that when that drug is perfected a very small percentage of the people afflicted with arthritis will get the benefit of it if Mr. du Pont and company get hold of it and are permitted

to fix their own price. That is all I have to say now, though I have many questions to ask as we go through the estimates.

Mr. Fleming: Has the minister nothing to say about the subject under discussion?

Mr. Martin: I thought the most convenient way might be to deal with it on the next item.

Mr. Fleming: If the minister is not going to deal with that now, is he going to give us the expenditures by items; or must we go through the senseless rigmarole of asking for this information under each item?

Mr. Martin: What was the question?

Mr. Fleming: For the third time the question is, will the minister give the expenditures by items for the last fiscal year?

Mr. Martin: I will give them as we come to the items; that is the best way.

Mr. Fleming: Then we will just have to waste time asking for that information on each individual item.

There is one other matter on this first item; that is, these expenditures for educational and informational publicity, to give them their euphonious title. The estimates for this purpose which the minister is asking parliament to approve amount to $445,600 for this fiscal year, whereas the amount for last year was $413,640. Will the minister give the total expenditures under these items? Has he the total of the expenditures on educational and informational publicity scattered through the various branches?

Mr. Martin: It was $344,000.

Mr. Fleming: Then you are $100,000 up on that this year.

Mr. McLure: I want to ask just one question, and I think this is the proper place to ask it. On other occasions I have brought to the attention of the minister one class of people in my own constituency, and also throughout Canada; I refer to the incapacitated.

Mr. Martin: Could we deal with that when we come to the welfare item?

Mr. McLure: Very well.

Item agreed to.

National health branch—health services—

253. National health branch—administration, $126,015.

Mr. Fleming: The minister has not given the expenditures under the previous item and this item.

Mr. Martin: The expenditures were $657,660.23; unliquidated commitments, $19,-799.19; total commitments, $677,459.42.

Mr. Fleming: That figure is for item 252, I presume. I should like the same information for item 253.

Mr. Martin: The expenditure was $498,-692.98; unliquidated, $4,462.94; total commitments, $503,155.92.

Mr. Fleming: That cannot be right. That sounds like the expenditures under item 254, but I asked for the figures for item 253.

Mr. Martin: I am sorry, you are right. For item 253 the figures are as follows: Expenditures, $106,788.10; unliquidated, $30,577.20; total commitments, $137,365.30.

Mr. Fleming: Perhaps the minister could indicate why, eight months after the close of the fiscal year, he should still find it necessary to set up amounts for unliquidated commitments.

Mr. Martin: That was at the end of the year.

Mr. Fleming: But is the information not up to date on these items now?

Mr. Martin: As up to date as I can get it.

Item agreed to.

255. Proprietary or patent medicines, $26,585.

Mr. Fleming: Expenditures?

Mr. Martin: Expenditures, $23,606.26; unliquidated, $32.70; total commitments, $23,638.96.

Item agreed to.

256. Opium and narcotic drugs, $139,860.

Mr. Fleming: Expenditures? I have to ask this on every item because the minister would not give this information at one time.

Mr. Martin: This is the only department with which this is ever done, but I am prepared to accommodate my hon. friend. I will do anything he asks, because I like him. Expenditure, $130,560.55; unliquidated commitments, $156.94; total commitments, $130,717.49.

Item agreed to.

257. Quarantine and leprosy, $272,797.

Mr. Blair: Could we have this broken down?

Mr. Martin: Expenditures, $255,205.20; mitments, $156.94; total commitments, $258,431.46.

Mr. Blair: I wanted to know if the minister could break down the expenditures as between

quarantine and leprosy. I want to know how many lepers there are and the cost of their maintenance.

Mr. Martin: There are nine at the moment, seven at Tracadie—

Mr. Blair: How much do they cost?

Mr. Martin: $11,000 at Tracadie, and between $4,000 and $5,000 at Bentinck island.

Mr. Fleming: I think a good many hon. members will wonder why it should be necessary to maintain these two establishments, one on the east coast and the other on the west coast, and why it should be necessary to maintain the establishment on the west coast simply to provide for two lepers, one of whom I understand is an out-patient who is thought to be practically cured. The hon. member for Nanaimo recently asked some questions concerning expenditures on the leprosy hospital at Bentinck island, British Columbia, and the return to his questions indicates that substantial expenditures are being made there, in effect for the benefit of one in-patient and one out-patient, while at the same time a similar station is maintained on the east coast for seven lepers. Here is the information contained in this return, sessional paper No. 164. The first question was:

> How many patients are cared for at the leper station, Bentinck island, British Columbia?

The answer was two. The next question was:

> How many attendants and other persons are employed at Bentinck island, and what are their salaries?

The reply was two; one at a salary of $2,280 and the other at a salary of $2,240. The next question was:

> What was the cost of maintaining Bentinck island, including heating, lighting, etc., during the past year?

The answer given by the Department of National Health and Welfare to that question was $5,607.78, and it was pointed out that this did not include heating costs, which were met by the Department of Public Works.

Mr. Martin: That is right.

Mr. Fleming: The Department of Public Works replied that the heating costs were $2,300 for the year. Questions 4 and 5, which were answered by the Department of Public Works, were these:

> 4. What improvements have been made in the accommodation, lighting plant and landing stage during the last two years?
> 5. What was the cost of these improvements?

I shall not weary the house with the full details contained in the reply, but I believe the house would be interested in some comparative figures. In the fiscal year 1947-48, the amounts expended were $3,750.12 and $675; in the fiscal year 1948-49, the expenditures amounted to $559.71. Then, sir, in the fiscal year 1949-50—bear in mind, sir, that there are just two patients there, and there is a similar institution on the east coast in which these unfortunate persons could be accommodated—these are the expenditures:

Fiscal year 1949-50

General repairs and painting of nurses' residence	$2,075
Modernizing caretaker's residence	4,435
New electrical fixtures for nurses' and caretaker's residences	100
General repairs and painting exterior of patients' cottages and outbuildings	2,046
Removing the old wood and coal heating plants in the nurses' and caretaker's residences, and installing oil burners including an oil burner in the kitchen stove at a cost of	2,645
Purchase of new kitchen range for nurses' residence	150
Providing and erecting link wire fencing complete with gates, etc., at blind patients' cottages	420

There is a total of over $11,000 for improvements during the present fiscal year, at a station which is providing for the needs of two unfortunate lepers. My friend will say that all these expenditures were made by the Department of Public Works, but I think he will agree that the Department of Public Works would not make those expenditures unless it was the policy of the Department of National Health and Welfare to maintain that station.

Mr. Martin: That is right.

Mr. Fleming: We are all moved with sympathy for the lot of these unfortunate lepers, and we are not going to be penny-pinching in our provision for them. But why is it necessary to make improvements on a station on the west coast for the benefit of two lepers, when there is ample accommodation for them on the east coast?

Mr. Martin: I can only say that my hon. friend has stated the case correctly. Those expenditures were made. If he will recall, two years ago I was criticized, and correctly so, for the condition of the station in British Columbia. I have no other defence to offer. I did not create the disease of leprosy. It is an unfortunate condition, and we are doing all we can to isolate it, and isolate the people who have it. We are trying to make them as comfortable as possible. That is the only defence one can offer, and that is the only defence I have to offer.

Mr. Fleming: Has the minister given thought to moving them to the east coast?

Mr. Martin: Yes, consideration has been given to that, but my technical officers advised against it.

Mr. Fleming: Why?

Mr. Martin: Because of the character of the disease; I would sooner have a separate place maintained for the care of these two people than be responsible for risking the spread of the disease.

Mr. Fleming: Is the objection to moving these two lepers from the west coast to the east coast because of the danger of the spread of the disease if they come in contact with other people?

Mr. Martin: I took the same position my friend takes, but the technical advisers in my department, and the department of health, have strongly advised against it.

Mr. Murray (Cariboo): There is great danger of an epidemic of leprosy being started in the cities on the Pacific coast. On the other side of the Pacific ocean, the cities are alive with leprosy. It is all very well for someone in Ontario, protected by good hospitals, to object to this state of affairs, but it is a different matter if you are from the west coast. There could be an outbreak of leprosy. You might as well condemn the fire department because you do not have a fire one month. I hope the minister will maintain that station, and make it efficient, because he does not know when there will be an epidemic of that terrible disease, which modern medicine is steadily stamping out.

Mr. Blair: It would be interesting to know how many patients have been at that station, on an average, over the last ten years. I understand that a good deal of work is being done on leprosy in the United States, but those people are allowed to mix freely with others. I can understand the danger of contagion if those lepers have to travel, but I do not hold the view of the minister that there would be danger of an epidemic. This disease is rapidly being brought under control, and I think the time has come when we could concentrate these people in one institution. It would save some expense.

Mr. Martin: I thought I had the figures showing the average number of patients over the years. There were about four people involved, on the average.

Item agreed to.

258. Laboratory of hygiene, $340,014.

Mr. Fleming: Will the minister give us the expenditures under this item?

Mr. Martin: The expenditures amount to $272,348.34; the unliquidated commitments, $4,662.52; and the total commitments, $277,-010.86.

Item agreed to.

259. Immigration medical inspection, $842,773.

Mr. Fleming: Will the minister state the expenditures?

Mr. Martin: The expenditures amounted to $779,279.07; unliquidated commitments, $912.04; and the total commitments, $780,-279.07.

Mr. Wright: This item covers the services of doctors who are in Europe inspecting immigrants before those people come to this country?

Mr. Martin: Yes.

Mr. Wright: How much has been spent on these doctors in Europe, and what is the number of doctors involved?

Mr. Martin: There are about 23 doctors, and their average pay is between $5,400 and $6,000.

Mr. Wright: That just gives me the salaries; what are the expenditures?

Mr. Martin: I do not have the amount broken down that way.

Mr. Fleming: In connection with this item, the answer given by the minister as to last year's expenditure indicates that, with the supplementary estimates contained in votes Nos. 692 and 834, there will be an additional expenditure this year of something in the neighbourhood of $160,000 for this service. It appears that the flow of immigrants to this country is somewhat reduced this year as compared with last year, but it may be that, by reason of the considerable number of displaced persons entering, the proportionate expenditure on medical expenses has increased.

Mr. Martin: The biggest item in this expenditure was the equipping of Rockhead hospital.

Mr. Fleming: Is the balance of the expenditure approximately the same as last year, that is for the routine inspection of immigrants?

Mr. Martin: Yes, roughly.

Item agreed to.

260. Child and maternal health, $96,005.

Mr. Knowles: Will the minister give a brief description of the work that is done in connection with child and maternal health?

Mr. Martin: Yes. As my hon. friend is aware, the well-known book "The Canadian Mother and Child" is perhaps one of the most popular, not merely of its kind, but the most popular book in Canada. It now has a circulation of well over a million copies. While one would not want to attribute to that book the reduction in the infant mortality rate, the

reduction in the maternal mortality rate, as well as the greater interest taken in post and pre-natal care, nevertheless it is admitted by all health authorities that the book has had a considerable influence.

Another book is now in the process of being printed to cover the next age group of children. The division seeks to co-ordinate plans and co-operate with the provincial departments of health, both those that have separate child and maternal divisions, and those that have not but have officers who concern themselves with that aspect of the problem, in the hope not only of furthering the work of education among parents, children, school teachers and the like, but of formulating actual plans in some of the provinces. Actually Dr. Couture, who is the head of this division, has spent a good part of the past year in the actual organization of one of these divisions in one of the provincial departments. I think this is work that will commend itself to the committee. The general description that I have given indicates its character.

Some of the films that have recently been receiving a good bit of attention both here and in the United States, such as "The Feeling of Rejection" and "The Feeling of Hostility," were prepared in co-operation with Dr. Stodgill, who is the director of the mental health division of the department. Other films having to do with subjects such as nutrition receive the collaborative effort of the child and maternal division. From these general observations I think my hon. friend will appreciate the character of the work, while still admitting that there is a great deal yet to be done. The expenditures are $59,283.30; unliquidated commitments $5,589.45, total $64,870.75.

Mr. Knowles: Can the minister indicate the ages covered by the publication "The Canadian Mother and Child"? Also, can he indicate the ages to be covered by the new publication to which he referred?

Mr. Martin: The first book "The Canadian Mother and Child" deals with infants; the second publication now being printed covers the ages one to six.

Item agreed to.

261. Public health engineering, $158,640.

Mr. Gillis: Can the minister tell us how the sick mariners' fund is administered?

Mr. Martin: That is the next item. I shall give the expenditures for this item. Expenditures, $127,429.66; unliquidated commitments, $1,791.96; total commitments, $129,221.62.

Item agreed to.

[Mr. Martin.]

262. Treatment of sick mariners, $524,610.

Mr. Gillis: How is this fund administered? Is it contributed to by the shipping companies?

Mr. Martin: Yes.

Mr. Gillis: And also by the provincial governments?

Mr. Martin: Not by the provincial governments. Sick mariners' dues are collected at the rate of two cents per ton on a vessel's registered tonnage. The duty is collectable not more than three times in each year. Duties are collected on the same tonnage rate as at the beginning of confederation when the act began to operate. From 1867 to 1942 the duties collected and the expenditure were approximately equal. However, since 1942 the deficit has been steadily increasing. And that is due chiefly to the increasing number seeking medical attention.

Mr. Gillis: Is it compulsory for all shipping companies to contribute to the fund?

Mr. Martin: Yes.

Mr. Fleming: On this point the Auditor General has some comments to make that I think should receive attention. I interject that this is a report of the Auditor General for the fiscal year ending March 31, 1949. We have not the report of the department for that year. At page 6 the Auditor General says this about the treatment of sick mariners:

> 23. Expenditures in connection with sick mariners were approximately $475,000, while levies assessed on shipping produced $225,000. The disparity illustrates the consequence when legislation sets a fixed rather than a flexible scale of levy to recover the cost of a service. Since confederation, it has been public policy to provide for the care of sick mariners and to assess shipping for the cost. Collections have been credited to revenue and expenditures charged to an annual appropriation.

Then he quotes section 305 of the Canada Shipping Act, to which the minister referred, and proceeds:

> Up to five years ago, total levies collected had been adequate to offset costs, but since then costs have exceeded income by about $800,000. This has been mainly due to (a) higher cost of services, and (b) more crew members receiving treatment. Twenty years ago 6 per cent of ships' crews received treatment during a year; the rate is now 20 per cent.
>
> 24. The extent to which treatment is provided at public expense for crews of vessels of 33 tons and under, most of which are fishing boats, is an illustration of the inadequacy of the levy rate. These boats pay dues of $2 a year; departmental statistics indicate that expenditures average about $36 a boat. With respect to larger vessels, mostly those engaged in transocean shipping, expenditures also exceed revenues, the ratio being about three to two. Audit query elicited information to the effect that the question is under review by departmental officers.

Mr. Martin: What the Auditor General says is quite true. The reason is of course that

our fishermen cannot afford to pay, and one is faced with the obligation of deciding whether or not, because they cannot pay, they should be denied the best of medical attention. That is the problem: Expenditures, $474,291.60; unliquidated commitments, $353.95; total commitments, $474,645.55.

Item agreed to.

263. Industrial health, $125,180.

Mr. Fleming: Expenditures?

Mr. Martin: Expenditures, $89,940.03; unliquidated commitments, $10,768.35; total commitments $100,708.38.

Item agreed to.

264. Civil service health, $202,709.

Mr. Fleming: Expenditures?

Mr. Martin: Expenditures, $170,389.28; unliquidated commitments, $2,911.94; total, $173,301.22.

Item agreed to.

265. Nutrition, $143,635.

Mr. Martin: Expenditures, $134,604.37; unliquidated commitments, $4,744.78; total, $139,349.15.

Item agreed to.

266. Venereal disease control, $42,164.

Mr. Fleming: Expenditures?

Mr. Martin: Expenditures, $35,362.06; unliquidated commitments, $6.25; total, $35,368.31.

Mr. Fleming: I have a question on this item which would not have been necessary if we had the department's report for last year. Can the minister give us an indication as to the trend in the number of cases of venereal disease reported? The last existing report of the department indicated on page 154—that is the report for the year ended March 31, 1948—that a high point was reached in the number of such cases reported in the year 1946. There was a substantial reduction in 1947. Has that downward trend continued in the subsequent years?

Mr. Martin: Yes. The picture is better now than ever. Of course one must attribute much of this decline to the recent greatly increased use of penicillin, but the secondary reason is, of course, the grants-in-aid for control work, particularly the former. The report for the third quarter of 1949 shows, in comparison with the previous quarter, a reduction of 332 reported cases of total syphilis.

Mr. Fleming: That is just one disease.

Mr. Martin: Compared with the same quarter one year ago there is a net decrease of 378 cases of all types of venereal disease, or 5·7 per cent made up principally of 323 cases of syphilis and 50 cases of gonorrhoea.

Mr. Fleming: Has the minister figures for the total number of V.D. cases reported in the year 1948?

Mr. Martin: Yes. In 1946 the total V.D. reported was 41,556; in 1947 it was 33,476 and in 1948 the figure is 27,491.

Item agreed to.

267. Health insurance studies, $56,451.

Mr. Knowles: Mr. Chairman, I think we will not try to rush over this too quickly. I should hope the minister might make an extended statement telling us what progress is being made in the study of health insurance, and when we may expect that study to be implemented by legislation.

Mr. Martin: I was hoping that we might pass this item, and deal with that matter at the end.

Mr. Knowles: I would remind the minister that when we were discussing the general item I wanted to discuss this matter with him at that time, but he suggested that we wait until we reached item 267. We have now reached that item, and I suggest it should be discussed now.

Mr. Graydon: I guess the minister has to make a speech.

Some hon. Members: Later.

Mr. Knowles: There seems to be a lot of prorogationitis around here. When we were on the general item, although some of us spoke about it, the minister did not discuss this matter of health insurance. We were asked to wait until we reached item 267, and I suggest the statement should now be made.

Mr. Martin: I suppose it could be made as well now as any other time—and I must say the committee has been most co-operative. I have already stated this session the policy of the government regarding this matter. I am prepared to do it again, but in doing that I am merely covering grounds which have already been covered.

I would remind the committee of the general proposals made by the government to the provinces in 1945. The national health program announced by the prime minister a year and a half ago effectively implemented three out of four of the proposals then laid before the provinces. Those proposals, in respect of a national health program, may be divided into three categories.

The first was that we were prepared to give money to the provinces—then nine, and now ten of them—to enable these provinces

to make a survey of their health facilities, and to plan what they consider necessary for future development in their particular jurisdictions. We have had two meetings with all the survey committees of the provinces in Ottawa. We are having a third meeting on January 12, and I am hoping that at that meeting we shall have a fairly comprehensive progress report from most of the provinces.

I can say now that I know, from advance information which has come to hand, that that information will not be complete in all provinces. I have no jurisdiction, nor would I have any disposition to try to exert any pressure on the provinces to hasten their work. The job they have undertaken at our expense has been a colossal one.

We hope to have on January 12 or thereabouts, as I say, comprehensive, if not in some instances final, reports from provinces on the surveys they have been conducting.

In addition to that, when we come to the national health grants—and I was not being supercilious when I suggested that we should discuss the matter there, because I think perhaps that would be the best place to do it—I can show the very great amount of preparatory work that is being done under the national health plan, and its tremendous achievements to date.

Let us take the one field of hospital construction. When the plan was announced we said that our objective was to see built in this country 40,000 hospital beds in the next five years. It was stated in the house that that was an impossible assignment, that it could not be done. I am in the happy position today of being able to say that, partly as a result of this plan, and the attitude and co-operation of the provinces since the plan was announced, there are under construction or are completed 18,500 additional hospital beds in Canada. That is no mean achievement, and there is no country in the world that has exceeded this record under this or any similar plan.

When we come to these grants we shall be able to show how we have assisted the provinces in setting up further health units and mental health clinics. The hon. member for Cape Breton South has talked about his province, as he properly should, although not with that complete accuracy we always expect him to display. I may tell him that in his province a number of public health units have been created under this plan, and mental health clinics, hospital beds, equipment for mental institutions and assistance for professional training—that same whole series of achievements has gone on throughout the country.

For instance let us consider the county of Carleton. Up until the time of this plan it had no health unit. There are a number of health units in the province. The health unit is the basis of the attempt to try to give good, daily health services of a preventive nature in the communities. The health unit in the county of Carleton has been established as a result of contributions made under the federal health plan to the province on behalf of the county.

One could go on, as we perhaps will have to when we reach that item, to give the details in each province and the tremendous achievements which have been the result. When I say to the committee that we have dealt with nearly 1,600 health projects, one will get some idea of the achievements, which can truly be described as more than satisfactory.

In the national health program, which represents an extra outlay of more than $17 million a year, we have gone further than the proposals of 1945-46 to the extent of hospital construction grants, to the extent of cancer control grants, to the extent of an increase in professional training grants and research grants. When one is discussing this subject one must not forget the important departure made in May of 1948 from the type of proposals originally stated by the government in 1945.

When the former prime minister on May 14, 1948, announced to the house a national health program he said that it represented also the first stages in the development of a comprehensive health insurance plan for all Canada. The hospitals being built and health services being created and extended with federal aid would have the added advantage —and I am now quoting the former prime minister—

—"of being fundamental prerequisites of a nation-wide system of health insurance."

The federal government stands ready, when satisfactory understandings are reached for co-operation with the provinces, to give financial support to provincial health insurance programs. With regard to this plan as a prerequisite to health insurance, I shall quote what the prime minister said a year ago:

It is up to the people and the government in each province to take the initiative in working out health insurance plans in line with their local conditions and their traditions.

I do not think anyone can quarrel with that statement. As one surveys the whole field in this country, and recognizing that under the constitution health is primarily the responsibility of the provinces, if one is going to achieve a satisfactory measure of hospital and medical care and health insurance on what will be a responsible basis—not a basis that will destroy the integrity and autonomy of the

medical profession which I think is most important—one has to take into account the character and development of Canada.

That is the policy of the government. That is the policy being pursued daily. That is the policy being discussed biannually with the provinces when they sit down with the dominion to discuss health and kindred matters. It is a problem we have in our minds and which will be resolved when we reach that state when in line with their wishes and in line with present preparations we are able to make our plans effective.

Mr. Knowles: Mr. Chairman, I think the minister's speech might have better been made on item 276, but perhaps that should not detract from the praise he sought to give to what has been done in the way of constructing hospital accommodation and the providing of grants to provinces for various medical matters. But may I say to him: What use is it to have 18,500 new hospital beds if Canadians who are ill cannot afford to get into them?

The fundamental problem in dealing with health and hospital and medical care is wrapped up in this question of health insurance. I would hope that the minister will tell us what the $38,000 voted last year was used for, and for what purpose it is proposed to use the $56,000 we are being asked to vote this year. I know that every time this question is discussed there are those who say there is no use discussing health insurance until we have all the hospitals and facilities and personnel that we need. As a matter of fact, when we were on the first item I had something to say about what I felt were the three requisites of a proper health program. For one point I stressed the need of having the equipment and personnel that are necessary. Then my second point was the need of health insurance, and my third point had to do with sickness benefits. I did not at that time indicate the sequence in which I thought those should come, but I want to say now that I feel that health insurance should receive attention first.

Some people in this chamber like to talk about the law of supply and demand. It seems to me that if we had health insurance and if people could afford the hospital and medical care they required, an effective demand would be created which should stimulate the government to provide the hospitals and services that are needed. Actually that is the way it has worked to a limited extent through the various Blue Cross plans which are in effect across this country. The more people there are with some means to pay for hospital care, the more hospital beds have been provided. I feel that that is the point in the whole health program to which the government should be giving more strict attention than seems to be the case.

I want to join with the hon. member for Eglinton in asking how the vote was expended last year. The minister knows that for two or three years the portion of the amount voted that has been expended has been so small as to make it look as though not much was being done.

Mr. Martin: There is more now than ever before.

Mr. Knowles: Perhaps the minister will tell me the amount right now.

Mr. Martin: Perhaps it might be more convenient if I gave that information just before the item passes. If I gave it to the hon. member now he might speak longer.

Mr. Knowles: But if the minister waits until I am through I may speak again. The minister boasted about the proposals that had been made in the green books of 1945. I am a little surprised at his mentioning those green book proposals. It is for us to point out to the government how slow they are in implementing those proposals. The minister referred to the grants that are being paid under the announcement made by the former prime minister in May, 1948, but may I remind him that for the first time in the estimates now before us those grants have got over the $30 million figure, whereas the proposals made in the green books of 1945 called for federal health expenditures of $150 million per year. The government is now making a grant of only 20 cents on the dollar of what it promised.

I am disturbed by what the minister said just now about throwing this business of health insurance back to the provinces. I wonder how long this thing is going to go on? In this country we live from one dominion-provincial conference to another. Whether it blows up or whether it succeeds, the best we can hope for is another dominion-provincial meeting.

Mr. Martin: I think my hon. friend will admit that I am no less interested in this subject than he is, but I have the responsibility of trying to push it forward while he has the responsibility of pushing me forward. If he were in my place would he do anything that would make it impossible to get agreement with those who under the constitution have the prime responsibility for this very matter?

Mr. Knowles: I certainly would not stand up here at a time when we are trying to move in the direction of federal responsibility for social security and say that I think it should be done by the provinces. What is the use

of the government asking for the power to amend the British North America Act? What is the use of talking about a national over-all scheme of social security if the minister is going to say to the provinces: "We think that so far as health insurance is concerned you should handle it because your responsibility includes the field of health."

Mr. Martin: Don't make it difficult for me because we are going to have to sit down to discuss this one of these days.

Mr. Knowles: I may have to do exactly what the minister said it was my job to do. I may have to push him along a little bit.

Mr. Martin: Don't shove me off the precipice.

Mr. Knowles: The minister has lost a little weight—working so hard, no doubt—so he should not be so hard to push. This business of going back to the green books of 1945 and doing nothing about it, this business of talking about meetings with the provinces and putting health insurance back on the provinces, simply is not good enough. All political parties and all people realize that what we need is a national over-all security program. As my leader said a few moments ago, one of the best places to get started with that program is in the field of health insurance. I hope that we are not going to have the same ineffective answers that we have had during the past number of years.

I should like the minister to tell me how much was spent during the past year out of the $43,897 that was voted? Will he also give some description of the kind of work that was done and what have been the results of that work? Will the minister tell us what recommendations have been made and whether he is going to do anything about those recommendations?

Mr. Martin: The expenditures last year were $20,500.55, almost $16,000 more than the year before.

Mr. Knowles: Oh, oh.

Mr. Martin: My hon. friend laughs, but that represents personnel. He knows that that is important. It is all very well to make lofty speeches about these matters, but a point is reached some time when you have to carry through your planning and studies and that requires competent people. We have as director of our public health insurance studies perhaps the most eminent man in the field of public health in Canada, Dr. Jackson. Everyone admits that. Everyone knows Dr. Jackson's views. With him is associated Dr. Langlois, a graduate of one of the medical schools in the province of Quebec, who enjoys a very high reputation in that province. We also now have Dr. Wride who held a very important post in the department of health of the province of Saskatchewan up until about six months ago. My hon. friend will know how eminent a man Dr. Wride is. He has had a great interest in this particular field for years. I need only mention these three individuals to indicate the character of the studies that we are making in the department. The research division is playing an important part in this work. Frequent visits are made to the ten provincial departments of health and conferences are held with provincial health people. Studies, reports, estimates of costs, and so on, are continually under way for the purpose of bringing up to date material prepared earlier so that we shall be in a position to deal with this matter in the most efficient manner when that time arrives.

Mr. Knowles: What the minister has said makes some of us feel that it was worth while for us to take the time on former occasions to try to push him in this matter. If I have his figures more or less correctly, I gather that out of the $43,000 we voted last year some $20,000 odd was spent. He said that was about $16,000 more than the year before. The minister will remember in former years, when the department was spending only three or four thousand dollars out of $20,000 or $30,000 voted, we got after him pretty hard. I am glad to know he has brought it up to $20,000. I am also glad to know that he now wants $56,000 for the new year. Nevertheless it seems pertinent, inasmuch as the department spent only $20,000 out of $43,000 last year, to ask the question what it is they are anticipating for this year that requires nearly three times as much as they actually spent last year. I am not objecting to his wanting it. I am glad he wants it. But I want it spent because I want to get something done, and I think the minister should tell us what the $56,000 is for.

Mr. Martin: My hon. friend may know something of the difficulty I had in securing Dr. Jackson. He had been deputy minister of health for Manitoba for a long time, and it was not easy to urge a man who had been in the public service of that province to leave, particularly at his age and with the interests he had. He came to us only a short time ago, as did Dr. Wride and Dr. Langlois. These gentlemen and others in the department are doing very valuable work, but for the sake of time I will not mention them all. They have already started a program of surveys of their own for certain very good reasons, as well as for close collaborative effort with all of the departments. Dr. Jackson, Dr. Langlois, Dr. Layton and Dr.

Stodgill have been on the go continually outside the department in conferences in the capitals of the various provinces and in setting up adequate systems by which statistics and cost figures can be obtained, all of which are necessary in the development of any scheme that one may have in mind, and which one will deal with at the proper time.

Mr. Knowles: I assume these doctors have complete freedom in their research?

Mr. Martin: They have the most complete freedom.

Mr. Knowles: And that the minister will give serious consideration to the recommendations they make?

Mr. Martin: The minister certainly will.

Item agreed to.

268. Dental health, $52,748.

Mr. Martin: Expenditure, $36,946.74; unliquidated commitments, $3,689.52; total commitment, $40,635.26.

Item agreed to.

269. Hospital designs, $24,810.

Mr. Martin: Expenditure, $16,973.30; unliquidated commitments, $30; total commitment, $17,003.30.

Item agreed to.

270. Mental health, $90,725.

Mr. Martin: Expenditure, $67,899.79; unliquidated, $8,515.18; total, $76,414.97.

Item agreed to.

271. Blindness control, $46,120.

Mr. Martin: Expenditure, $24,352.88; unliquidated, $8,737.16; total, $33,090.04.

Item agreed to.

272. Epidemiology, $25,880.

Mr. Martin: Expenditure, $17,230.51; unliquidated, $264.83; total, $17,495.34.

Item agreed to.

273. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,600.

Mr. Martin: Expenditure, $2,400; unliquidated, nothing; total, $2,400.

Item agreed to.

274. Medical services—Indians and Eskimos, $10,713,316.

Mr. Shaw: Realizing as I do the desire on the part of most, if not all, members to see the business of this session concluded at an early hour, I shall make an effort to limit my remarks to as few words as possible. In the light of circumstances to which I shall refer it would be rather difficult for me to justify my presence here if I did not bring before the minister, the house and the government at this time a problem which to me is a tragic and sordid picture, in fact appalling.

I refer to a band of approximately 320 Indians who are found in the district west, northwest and southwest of Rocky Mountain House in the province of Alberta. It includes approximately 120 Sunchild Cree Indians and approximately twenty Chippewa Indians, all of whom are treaty Indians, and a further band of approximately 200 Indians of the Chippewa tribe who have not accepted treaty. In what I am going to say this afternoon I want to make it perfectly clear that my principal purpose in speaking is to bring a problem before the minister rather than to level charges at the minister or at the government because of things which have not been done.

Speaking only recently in the United States the Minister of National Health and Welfare made one or two very significant observations which are closely related to this problem.

Mr. Martin: The minister always tries to make significant observations.

Mr. Graydon: That is what Vishinsky does.

Mr. Fleming: The minister does not always succeed.

Mr. Shaw: In one case the minister said:

> We are determined to keep abreast of the advances of medical science and to be impatient and intolerant of anything that debars our people from the best of health care.

The Indians are "our people". I want to emphasize that. Secondly the minister said:

> In our democracies any neglect of the citizen's right to health opportunity dishonours the concept on which our countries were founded—that we should organize society for the good of all.

These Indians would be included in the word "all". Thirdly the minister said that in surveys which had been made recently his department found some health statistics that gave little cause for pride. Unfortunately I am going to have to say later, when referring to certain statistics, that there is little cause for pride in the information which I will bring forward.

Finally, and this is most significant in the light of what I am going to say later, the minister made an interesting statement when speaking to the American Public Health Association on October 25. I am quoting from the *Journal* for October 26, and since part of these words are in quotation marks I presume they are designed to represent exactly what he said. This was the statement:

> Canada . . . is determined not to permit "lack of money to lead to neglect of health."

That neglect of health is not tied up to any specific group of people; I would rather look upon it as being all-embracing. In

referring to this group of Indians I want to stress again that we have approximately 120 treaty Indians and some 200 non-treaty Indians. I realize that the 200 could go quite some distance toward having their problems solved were they prepared to accept the treaty, but there are a couple of very significant reasons why they have failed to do so, and I am going to have to mention those reasons a little later because they are tied in with this question of health.

It would alarm hon. members, I am sure, if I were to tell them that one-half the Indian children in that area never reach the age of sixteen. In the second place, it is asserted by reliable authorities that one-half the Indian babies born there are buried almost before they see the light of day. When the mobile clinic was in Rocky Mountain House a few months ago some of those Indians presented themselves for X-ray. Of those who presented themselves, thirty per cent had tuberculosis, either active or inactive. The doctors, who are very close to this problem, estimate that fifty per cent of all the Indians in that area have tuberculosis, either active or inactive. I have before me something that will be rather interesting, eight or ten admission reports relating to cases of Indians taken to the Charles Camsell Indian hospital in Edmonton. Each report is signed, and the ages of the Indians range from five years to thirty-four years.

I am not going into great detail but here, for example, is the card of a youngster five years old. The diagnosis is: far advanced; has apparently been ill for one year and failing steadily; worse in the last few months. Prognosis: hopeless. Here is the card of a boy sixteen years of age: far advanced; apparently ill for months but going downhill rapidly in the last two or three months. Prognosis: practically hopeless. Here is the card of an eleven year old child, which states that as nearly as they can determine this condition commenced in 1946, yet the child entered hospital only this year. I could go through all these admission reports and present a most appalling picture.

I might add to what I have said already that the doctors advise me that of all the Indians in that area who presented themselves for military service during the war, not one was passed as physically fit. There are no statistics I can get hold of that could be considered as reasonably reliable with respect to venereal disease, but here again the doctors who are on the spot advise me that the number affected is liable to run over fifty per cent, basing this estimate upon those who have come to them for other reasons.

[Mr. Shaw.]

Is it any wonder that I call this a tragic situation? Let us not forget that these people are human beings. Let us not forget that they love life, too. Let us not forget that they feel pain, as we do. Above all let us never forget that these Indian mothers and fathers love their children, too. Apart from that, however, they are an absolute menace to the white population among whom they circulate freely.

I have already said that some further assistance could be given 200 of these Indians if they would accept the treaty; but I doubt if any great advantage would accrue to them when I consider the conditions that exist among the 120 who are already treaty Indians. Even among those Indians the situation is appalling. These conditions, we know, result from a number of things including improper and inadequate housing which leads to pneumonia and other diseases. They have no definite employment; and there is no plan or properly executed enterprise with respect to these treaty Indians, though we have officials who are presumed to be looking after their interests. They have practically no educational opportunities; but above all else no satisfactory steps have been taken to conduct a comprehensive health survey in that area which to me is absolutely essential.

Mr. Martin: I wonder if I might say a word after which my hon. friend may not find it necessary to go a great deal further. He will recall bringing this matter to my attention earlier. As a result a survey was undertaken and a nurse is to be appointed. We had hoped to get her out there quickly, but she has to leave another post to follow up on that survey. I want to thank my hon. friend for bringing the matter to my attention. I can say also that arrangements have been made with the doctors there which I believe are satisfactory. Following my hon. friend's suggestions I think he will find that we are taking corrective action.

Mr. Shaw: No one is more delighted than I to hear that. I will not quibble over the fact that this action is long overdue. It has come; that is wonderful, and it certainly permits me to slice about seventy-five per cent off what I was going to say. But I tell the minister that in a few days I shall be going back to Alberta. A few days after that and for the succeeding days, weeks and months, I shall be in close touch with this problem. I shall go among these Indians and talk to the doctors and the nurse.

Mr. Martin: I hope you will keep me advised. If not, I shall go out there myself.

Mr. Shaw: That is fine; and from time to time I shall be back to let the minister know

what further steps I believe should be taken. No one is more delighted than I that I am able to close my folder leaving unsaid seventy-five per cent of what I was going to say. Before resuming my seat, however, I want to get this quite clear. As the minister knows, we have been having a difficult time with respect to medical services.

Mr. Martin: Very difficult.

Mr. Shaw: I know Drs. Greenway and Laing, and they are one hundred per cent. They want to do a job, and they can do it; but they also want fair compensation for services rendered.

In conclusion, I should like to pay tribute to a man who is well known to the officials of the Indian affairs department here. I refer to Mr. Henry Stelfox of Rocky Mountain House, who for more than forty years has given not only his time but his counsel and means in trying to bring into the lives of these people a bit more comfort than would otherwise have been the case.

Mr. Harkness: During the past two or three years, there has been a considerable improvement in the medical services, hospital facilities and so forth, provided for our Indians. I am extremely pleased that this progress has taken place. I should like to commend Dr. Moore for the excellent work he has done in that regard. I believe he deserves the thanks, not only of the Indians, but of all the people who are interested in the welfare of the Indians.

An instance was brought up, however, by the member for Red Deer, which illustrates there are still many places for improvement in the medical services provided our Indians and Eskimos. I trust that the government will press forward, just as rapidly as possible, to eliminate situations such as the one described to us. In doing so, I would ask that they set aside what might be called the slow processes of bureaucracy and red tape, which hold up the proper treatment of Indians when there is not an Indian medical officer available. The ordinary doctor will not treat an Indian because the doctor has had difficulty in getting paid.

As the minister knows, there was a considerable number of Indians at Banff and Canmore, who were engaged in clearing the brush from the Spray river power development. For a time at least the doctors in Canmore and Banff refused to treat these Indians, because they were not able to get satisfactory pay for the services they performed. It seems to me that the difficulties which are experienced along that line deny the Indians treatment, because of certain red tape regulations. Things of that nature should be wiped out. Surely, it is possible to get some sort of arrangement into operation, under which instances such as the one mentioned will not take place.

I should like to ask the minister what new hospital construction is covered by the item, which I see at the back of the book, amounting to approximately $2,300,000. What proportion of that money is for infirmaries, small hospitals, on individual reserves? Will the minister say what hospital facilities there are now on the Hobbema reserve, and what the medical situation is on the Saddle Lake reserve?

Mr. Martin: About 50 per cent of that amount represents smaller hospitals or nursing station units. As my hon. friend knows, I was out to the Hobbema reserve, and he was kind enough to extend some hospitality to me, as did his colleague from Calgary West. The hospital that was under construction there was burned. We have advertised for tenders for a new building and I am hoping that situation will be corrected.

Mr. Harkness: Will the minister say how soon it will be corrected? It was for that reason I brought the matter to his attention.

Mr. Martin: Tenders are being advertised almost at once, and we will proceed as quickly as we can. Presumably it will be spring before construction can be commenced.

The main hospitals under construction are the big hospital at Sioux Lookout, which we hope to open some time in the new year; the one at Moose Factory which fills a long-felt need in one of the most congested areas of our Indian population, and in which, unfortunately, the t.b. rate is quite high. This will form part of a series of hospitals for attacking t.b., which I think deserves some of the commendation which hon. members have seen fit to give to the departmental personnel.

Unfortunately the Coqualeetza hospital was burned, but we are still occupying part of it. We have a fine hospital at Nanaimo. The Charles Camsell hospital at Edmonton is a 350-bed hospital, and is one of the best t.b. hospitals in the country. Supplemented by the one at The Pas, and one at Brandon, as well as by others that are about to be opened, and nursing stations which have been opened all over the country, I believe the hospital situation will be taken care of. I will not say this represents a new departure, but at least it represents a new attitude on the part of the government towards this highly important matter.

The departmental budget might not be a full indication, but it is some indication of the improvement, or of the new attitude, and the steps being taken. This year the budget amounts to approximately $11 million. When one considers that in 1945-46 it was around

$2·5 million, one can get some appreciation of the importance of the work that is being done. I should like to say to the house and to the country that, while we are spending a lot of money, it is bringing results. I have indicated that the increase in the budget is almost ninefold, from $1,400,000 in 1940, to $11 million in 1949. The results of this increased expenditure are seen in the following figures: First of all, I should say that the Indian population represents one per cent of the population of Canada and, at the same time, represents 10 per cent of the tubercular population. Now, that is the challenging situation which we are seeking to meet.

During the period I have mentioned, the number of patients under treatment for tuberculosis has increased nine times, from 200 to 1,800, and the death rate has fallen over 600 per 100,000 of population to about 300 per 100,000 of population. The hospitalization program we have under way, and the increased medical personnel to go along with that program, together with what is being done by the voluntary workers for the Indian population with regard to t.b., makes our progress in this regard certain.

Mr. Harkness: I am glad to see that this problem of t.b. among the Indians is receiving so much attention. On the question of X-ray tests for t.b. among the Indians, will the minister state the proportion of our total Indian population that has received this test?

Mr. Martin: About 62 per cent. With the X-ray facilities we are installing, we hope to be able to accelerate that. In the hon. member's province, Alberta, it is 90 per cent.

Mr. Harkness: Will the minister state whether anything has been done along that line amongst the Indians, not only in my province, but in the far north in the Northwest Territories, and right across Canada?

Mr. Martin: To the extent that medical personnel can be recruited—and I must say it is not easy—and to the extent that we can get nursing personnel, we are making great progress in that particular in some areas. Take the James bay area, the area that I mentioned, and which is thickly populated. Almost every Indian, except a fraction of one per cent, has received X-ray examination. That has revealed a story, of course, that is not a very happy one; but it is far better to know it now than to know it too late.

Mr. Hatfield: What is the difference between a treaty Indian and a non-treaty Indian in regard to medical service?

Mr. Martin: The legal position of course is that the treaty Indian is given treatment. I must say that it is not always possible to draw the line.

[Mr. Martin.]

Mr. Harkness: Among a very large number of people, including the officials of the minister's own department, there is a widespread belief—I believe it is a correct one—that a great deal of the tuberculosis and other diseases to which Indians are particularly subject, and many of the earlier deaths of infants, are due to dietary deficiencies. If these dietary deficiencies could be corrected a great deal of the health problem would be solved. What is being done by the medical services for the Indians from the dietary point of view? Are they supplying any of the vitamins to overcome the deficiencies? Are they supplying extra food with a view to improving health conditions, apart from just keeping these people alive?

Mr. Martin: My hon. friend of course has touched one of the basic points. The answer to his questions is yes. Through our nutrition people we are making surveys. We have the advantage of surveys which are made by other groups. We use our medical personnel, nurses and doctors, and our own departmental literature through the schools and so on where they have access to Indians. They do not always have access to them but we use whatever agencies we can to bring home to the Indian the importance of good nutrition. Family allowances of course have been a great help in this particular. I can only say to my hon. friend that the very vital and basic point that he has emphasized is one that has been very much on our minds in the pursuit and the discharge of these duties.

Mr. Harkness: I make one further suggestion to the minister as to how he can overcome these dietary deficiencies to quite a considerable extent. He should persuade the Indian affairs department to increase the amount of what is called welfare allowances to Indians who are destitute and Indians who are partially destitute and unable to make a decent living or provide themselves with proper food. If the allowance which has been $7.80 a month per person were increased to twice that amount it would improve affairs considerably. If it were increased to anything like the dominion's portion of the old age pension payment the more extreme of these dietary deficiencies would be overcome. I am quite sure the minister could do more by urging on the government that this measure be taken than in any other way.

Mr. Martin: I shall note my hon. friend's remarks carefully.

Item agreed to.

275. Civil aviation medicine, $44,015.

Mr. Fleming: Expenditures?

Mr. Martin: Expenditures, $16,460.45; unliquidated commitments, $1,654.73; total commitments, $18,115.18.

Item agreed to.

Health grants—

General health grants—

276. To provide for the following grants to the provinces, under terms and conditions approved by the governor in council—health survey grant to assist the provinces in surveying present health services and facilities, including hospitals, and in studying ways and means of improving and extending the same; to be distributed on the basis of a flat amount of $5,000 to each province and the balance according to population but the total payment available to any province in no case to be less than $15,000, $150,000.

Hospital construction grant to assist the provinces in the provision of adequate accommodation for hospital and health services; to be distributed on the basis of $1,000 per bed for active treatment beds, $1,500 per bed for chronic or convalescent beds, or in the case of other health facilities on an equivalent basis; provinces to match or exceed dominion contribution which shall in no case exceed one-third of total cost, $13,000,000.

General public health grant to assist the provinces in strengthening general public health services; to be distributed on the basis of 40 cents per capita of population, to provinces which maintain at least their standard and extent of service in this field as at March 31, 1948, $5,143,600.

Tuberculosis control grant to assist the provinces in an accelerated and intensified effort toward the eradication of tuberculosis and to extend progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance to be divided 50 per cent on the basis of population and 50 per cent on the basis of the average number of deaths from tuberculosis in each province over the previous five years, $3,000,000.

Mental health grants to assist the provinces in the prevention of mental illness and in extending progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance according to population, $4,000,000.

Venereal disease control grant to assist the provinces in extending and intensifying their present efforts toward control of venereal disease; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population, $500,000.

Crippled children grant to assist the provinces in an intensive program for the prevention and correction of crippling conditions in children, rehabilitation and training; to be distributed on the basis of a flat amount of $4,000 to each province, the balance according to population, $500,000.

Professional training grant to assist the provinces in the training of personnel for public health and hospital staffs; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population, $500,000.

Public health research grant to assist the provinces in stimulating and developing public health research, $200,000.

Cancer control grant to assist the provinces in programs for the control of cancer; to be distributed according to population, with any such programs for cancer control to be approved and the cost thereof to be divided equally between the dominion and the province concerned, $3,500,000.

Mr. Harris (Danforth): There is a sentence or two I should like to put on the record but they may more properly come under the second section of this particular item. I do want to say this, sir, because it is the only opportunity that some of us have, who may be interested in hospital work, to say something on behalf of the government which is doing so much in this day and generation toward this work. I would be the last man in this house to start paying compliments to ministers and their deputies but they are doing a good job. I will go that far. We admire the way in which they attend to business. We admire the way in which they respond to every request of hon. members, and they respond as fast as they can. I will go that far.

I hold in my hand a special delivery letter dated December 8, showing the accord and the co-operation which the minister is receiving in his department from the inspector of hospitals for the province of Ontario. I just wish to say to him "thank you" for the kindness that he has shown some of us charged with a responsibility in that regard over the last two decades. The city of Toronto, which contains nearly one-tenth of the population of Canada, is doing very well in hospital work. I have no authority to speak for the hospital for sick children or for other children's hospitals, but I have authority to speak for one small 400-bed unit which is trying its best to do a real job for the citizens in the community. On their behalf I want to thank the minister, his deputies and particularly Mr. Hughes and Mr. Jackson who have under review the finalizing of a grant of $2,500,000 which is being spent in my particular community. I am sorry, sir, if I have delayed the committee, but I wanted to put that on the record at this time.

Mr. Fournier (Maisonneuve-Rosemont): Would it be possible to have the total amount of money that has been granted to the provinces since the government initiated the policy of grants?

Mr. Fleming: May I make a suggestion to save time?

Mr. Martin: I can put a table on *Hansard.*

Mr. Fournier (Maisonneuve-Rosemont): Put the statistics on *Hansard.*

Mr. Martin: My hon. friend will understand that these national grants give only a partial picture. I do wish that we could have more time to go into this matter. This matter takes second place to no item that comes before this House of Commons. I wish I had time to describe fully the great things that are being done. I am not taking credit for the government. I am merely stating that this plan has provoked a whole series of achievements in so many lines throughout every province of this country that I am

sure this House of Commons is proud of having had something to do with establishing it. The table is a general table. It does not tell all the story. Of course no figures will tell the story; but to the extent that tables can tell the story these tables will. I can think of what is being done in the little province of Prince Edward Island. If I told that story I could give a picture that would encourage every hon. member; but it is not possible to do that in figures. I could tell what is being done in the province from which the hon. member for Maisonneuve-Rosemont comes. I am sure he would be very happy to know the series of health achievements in that province alone, not only with regard to hospital construction alone, but with regard to equipment for mental hospitals, with regard to the work being done on crippling conditions in children, the work being done in cancer research and cancer treatment, the work being done in the strengthening of public health units, and so on.

I want to thank the hon. member for Danforth, who has just spoken, for his words of commendation of the department. May I in turn say to him that that was due only to the institution itself, and is in part a tribute to the great work that he himself has performed throughout the years in connection with that particular hospital. So I will put the two tables on *Hansard*, with the unanimous consent of the house, in answer to the question of the hon. member for Maisonneuve-Rosemont. They are as follows:

ALL NATIONAL HEALTH GRANTS
(including P.C. 1690)

AMOUNTS APPROVED AND EXPENDED DURING FISCAL YEAR 1948–49

Province	Grant available	Number of projects	Approved		Expended			Equipment ordered but not delivered as at March 31, 1949
			Amount	Per cent of amount available	Amount	Per cent of amount available	Per cent of amount approved	
	$		$		$			$
Prince Edward Island	293,913	50	268,704	91·4	161,188	54·8	59·9	46,660
Nova Scotia	1,542,084	57	701,855	45·5	428,319	27·8	61·0	75,199
New Brunswick	1,226,191	93	575,519	46·9	464,860	37·9	80·7	—
Quebec	8,986,080	60	5,685,228	63·1	2,617,833	29·1	46·0	—
Ontario	9,668,425	134	3,144,656	32·1	1,475,245	14·96	46·9	189,361
Manitoba	1,806,331	93	1,022,202	56·5	451,833	25·0	44·2	16,032
Saskatchewan	2,002,077	112	1,058,629	52·4	662,501	32·9	62·6	53,100
Alberta	1,969,032	80	935,830	47·5	314,094	16·0	33·5	208,174
British Columbia	2,529,236	140	2,037,874	79·9	1,178,691	46·4	57·8	89,686
Total	*30,123,369	819	**15,430,497	51·2	7,754,564	25·74	50·25	678,212

* Total includes $100,000 for Public Health Research not included in Provincial figures. In addition, Provincial figures and total amount have been increased by appropriate portions of $3,069 voted in Supplementary Estimates as a carry-over from 1947–48, for V.D. Control.

** Figures in this column embody $3,069 referred to above.

NOTE:—

With respect to the table set out above, the figures given under the headings "Expended" represent only payment by the Department of National Health and Welfare to the Provinces of claims submitted by them covering accounts (properly audited) which have been paid by the Provinces and for which they are entitled to be reimbursed. "Expended" does not in any way represent the amounts actually spent by the Provinces on projects for which approval has been given by the Department of National Health and Welfare under the National Health Program. The Provinces have until the end of the fiscal year to submit their claims; in the meantime the Department has no knowledge of what expenditures have been made by the Provinces, in respect of approved projects, other than those represented by claims already submitted.

In the case of the Hospital Construction Grant, claims by the Provinces in respect of approved projects are submitted in four instalments, namely, upon completion of 25%, 50%, 75% and 100% of construction. It is understood that the period of construction of nearly all projects will extend over one or more fiscal years.

In the case of the Health Survey Grant, the basis of payment is an advance by the Department of National Health and Welfare to the Provinces, at the time projects are approved 15% and payment of the balance upon receipt from the Provinces of claims covering accounts (properly audited) which have been paid by the Provinces. While the Health Survey Grant is not recurring it is anticipated, in the light of statements received from the Provinces, that the total amount thereof will eventually be required by and paid to the Provinces.

ALL GRANTS

AMOUNTS APPROVED AND EXPENDED FOR THE PERIOD APRIL 1, 1949 TO DECEMBER 1, 1949

Province	Grant available	Number of projects	Approved		Expended		
			Amount	Per cent of amount available	Amount	Per cent of amount available	Per cent of amount approved
Newfoundland	923,518	61	444,626	48·1	2,967	0·3	0·7
Prince Edward Island	287,740	55	267,894	93·1	16,398	5·7	6·1
Nova Scotia	1,570,002	91	1,349,820	86·0	203,565	13·0	15·1
New Brunswick	1,248,576	142	482,809	38·7	118,024	9·4	24·4
Quebec	9,149,881	82	6,019,409	65·8	1,712,759	18·7	28·4
Ontario	9,883,728	242	5,291,484	53·5	1,132,889	11·5	21·4
Manitoba	1,836,181	134	1,033,853	56·3	224,289	12·2	21·7
Saskatchewan	2,015,922	196	1,539,244	76·3	362,758	18·0	23·6
Alberta	2,012,169	126	1,599,033	79·5	267,692	13·3	16·7
British Columbia	2,610,226	139	1,563,876	59·9	193,900	7·4	12·4
Total	(a)31,743,091	1,268	(b)19,592,048	61·7	(c)4,296,160	13·5	27·5

NOTE: Totals include appropriate figures for Public Health Research not included in provincial figures as follows:
(a) Includes $205,148 as grant available. (b) Includes $198,547 as amount approved.
(c) Includes $60,920 as amount expended.

Mr. Fleming: Will the minister indicate what those tables include?

Mr. Martin: The second includes all amounts approved and expended from April 1 to December 1, 1949, and the first, in connection with national health grants, all amounts approved and expended during the fiscal year 1948-49.

Mr. Fleming: Are those amounts broken down by provinces?

Mr. Martin: Yes.

Mr. Gillis: I am not satisfied with having them placed on *Hansard*.

Mr. Martin: Would the hon. member ask specific questions?

Mr. Gillis: And I am not pressed for time, either, on this particular subject. I agree that perhaps the minister likes to see things done, and he makes statements to the effect that we would be amazed if we knew what was being done.

Mr. Martin: And that is right.

Mr. Gillis: Well, I want to know what is being done. I do not want to read it in *Hansard* tomorrow. I want to know the extent of the money granted by parliament, and to what extent it is being used in my own province. This particular grant merely states that $15,000 is the maximum amount that can be voted to any province for the purpose of surveying the whole field of health. You cannot do much with $15,000. So far as I am concerned—

Mr. Martin: That is just a survey.

Mr. Gillis: I want the minister to tell me what has been done in Nova Scotia in connection with the grant under discussion at the present time.

Mr. Martin: What grant? There is a series of grants. The hon. member must appreciate, as I am sure he will—

Mr. Gillis: Not under this item.

Mr. Martin: What particular grant is the hon. member asking about?

Mr. Gillis: Just a moment, now; I want to know about this maximum grant of $15,000 for the purpose of a health survey. I want to know this: Has the province of Nova Scotia used it? Have they submitted their plans to the minister? Are those plans complete—and what are they, in the field of health survey?

Mr. Martin: The province of Nova Scotia is making a survey. Their report is not finished. I am hoping it may be completed when we meet on January 10. We have approved $33,000 for that province.

Mr. Gillis: That grant has been available for the last two years at least.

Mr. Martin: The last what?

Mr. Gillis: The last couple of years.

Mr. Martin: Yes, it has—to all the provinces. But the hon. member must appreciate that a survey cannot be made overnight.

Mr. Gillis: I know that.

Mr. Martin: Keeping in mind the great advances Saskatchewan has made in certain

particulars, it too is in the same position as most of the other provinces. My hon. friend must not fail to appreciate that this survey is not just a matter of sitting down at a desk and making *a priori* conclusions. It is a matter of getting out in the field and making a survey. And that is being done by this province.

Mr. Gillis: The minister says the grant has been available for more than two years. It has. The survey made by the province of Nova Scotia in the field indicated by the vote has not been completed. They have been over three years on it. So far as the minister is concerned, he cannot tell me what that province is going to do, or what their plans are. Living as I do in that province, and coming from it, so far as I know nothing has been done.

Mr. Martin: Oh, that is not true.

Mr. Gillis: Oh, yes, you have had a new wing added to the Victoria General hospital in Halifax—which people cannot get into. Some people who want specialized treatment are still in the position they were in twenty-five years ago. And if they are doing any cancer research work, certainly they have not set up any diagnostic organization. I know of no place where one could go to have that work done—unless you have money and travel some distance.

I am interested in getting something done. As I said a moment ago, I think the federal government are doing what they can, within the confines of the constitution. But there is a great amount of laxity in the provinces. It should not take three years to make a survey in connection with this grant. They have a good medical set-up, and facts and figures and statistics, and all the requirements. And if they have not gone on with something, then there is something wrong.

Mr. Martin: The hon. member has been good enough to say that the federal department is doing all it can. However, I could not permit his statement to go unchallenged, in fairness, as to what the provinces are doing.

Mr. Gillis: What are they doing?

Mr. Martin: I will not say we are completely satisfied, but they are doing a great deal of splendid work in Nova Scotia, as in the other provinces.

Now, if the hon. member will ask specific questions I shall try to answer. For instance, I can tell him now the number of hospital beds constructed in Nova Scotia since this grant came into effect.

Mr. Gillis: I should like to know that.

Mr. Martin: The figure is 1,067.

Mr. Gillis: Where are they located?

Mr. Martin: The list is as follows:

List of Hospitals Approved to October 31, 1949

Nova Scotia

Name	Location	Beds	Amount of federal grant
Eastern Shore Memorial hospital	Sheet Harbour	28⅔	$ 19,184.87
Queens General hospital	Liverpool	41⅔	41,666.66
Lunenburg hospital	Lunenburg	55	55,000.00
Guysboro Memorial hospital	Guysboro	15	15,000.00
Twin Oaks Memorial hospital	Musquodoboit Harbour	11	11,000.00
Victoria County Memorial hospital	Baddeck	35⅔	17,872.22
Colchester County hospital	Truro	60	60,000.00
St. Mary's hospital	Sherbrooke	13	10,328.40
Point Edward hospital	Westmount, Cape Breton	200	22,004.67
Musquodoboit Valley Memorial hospital	Middle Musquodoboit	9⅔	5,475.94
Sydney City hospital	Sydney, Cape Breton	153⅔	153,666.66
Payzant Memorial hospital	Windsor	45⅔	45,666.66
Aberdeen hospital	New Glasgow	213⅓	213,333.33
St. Martha's hospital	Antigonish	111	111,000.00
Eastern Memorial hospital	Canso	10⅓	5,508.48
Nova Scotia institution for care and rehabilitation of mental defectives	Brookside	64	83,333.33
	Totals	1,067⅔	$ 870,041.22

I am not a bluenose, and perhaps my pronunciation of some of these names has not been as it should have been. It will be noted by the hon. member that the hospital at Sydney, included in this list, is one of 153 beds.

Item agreed to.

277. Welfare branch administration, $36,155.

Mr. Green: At the spring session an amendment to the Old Age Pensions Act was passed increasing the basic pension from $30 to $40

a month, of which the dominion contributes three-quarters. In the amending bill no provision was made for raising the total income that could be received by a pensioner. In other words, the total income, including the pension, and what little a pensioner might be able to earn, or had coming in by way of revenue, was not increased at all. In the case of the single pensioner the ceiling remains at $600, and in that of the married pensioner, where his wife is also receiving a pension, the total they can receive by way of income remains at $1,080.

The effect has been, of course, to take out of the act one of the basic features which, from the start, has been that a certain income would be allowed over and above the pension. From the time the Old Age Pensions Act first became law there was a provision—and it has always been considered a fundamental part of the law—that the pensioner could get income from some other sources, up to a certain amount. That feature is now gone because of the failure to raise the ceiling at the last session.

Mr. Martin: This might better be brought up under the old age pensions item.

Mr. Green: I have just about finished. The situation is summed up in the headings of different editorials which were published on the subject in the Vancouver newspapers. For example, one was headed "Unfinished business" and another, "A matter for correction". The articles went on to point out that this situation should be remedied without further delay. I mentioned this in my speech in the debate on the address in reply to the speech from the throne and I regret exceedingly that no move has been made during this session to raise that ceiling. Can the minister tell us why nothing has been done and what possibility there is of the government raising this ceiling so that these pensioners will be able to get the same amount above their old age pensions they could get before the amendments were passed?

Mr. Martin: I will deal with that when we come to the item.

Mr. Green: Could the minister not answer it now?

Mr. Martin: It might start a whole discussion if I did it now. I will deal with it at the right time, if the hon. member does not mind.

Mr. Fleming: What were the expenditures?

Mr. Martin: The expenditures amounted to $27,665.16; unliquidated, $700.70; total commitments, $28,365.86.

Mr. Fleming: There are several items covering educational and national publicity scattered through the estimates and the minister gave the total as $334,000. How much of that was paid to persons outside the government?

Mr. Martin: There would be very little. There might be some for writing scripts and things like that, and perhaps some printing. The photography work is done in the department as well as most of the writing, and films are done by the film board.

Mr. Fleming: We may take it that none of this went to outside advertising agencies?

Mr. Martin: Oh, no.

Mr. McLure: For a number of years we have brought up the question of incapacitated people. I brought it up myself in 1945, 1946 and right down to the present time and I should like to know what is being done to help these people. I was pleased to read in the press what the Prime Minister had to say about it, and I quote as follows:

> The government of which I am the leader will do everything within its power to provide adequate welfare and security to the less fortunate.

He was dealing with the incapacitated people. The Prime Minister is then quoted as having said:

> At times we are accused of paternalism on account of our social legislation.

Far be it from me to make a charge of paternalism against the government in connection with their treatment of the incapacitated. I would say that the present government, as well as the last, has shown a most flagrant disregard for the incapacitated people in our province. What program is there for this class of people this coming year?

Mr. Martin: The difficulty of dealing with a specific question on the general item is that one never finishes the subject. This question would be better asked on the specific item. My hon. friend knows that health grants and special grants are made, and there is provision for assisting with disabling conditions in children. Then there are grants for the care of tubercular people and general health grants. In a number of provinces projects have been put under way to deal with invalidity situations. Complementing all this is the work carried on by the Department of Veterans Affairs and our own work on behalf of the blind by way of pensions and particular programs to improve their eyesight. Then there is the general assistance we give to various blind organizations, notably the Canadian National Institute for the Blind.

The general problem which my hon. friend poses is not only the concern of the federal

government; it will be discussed at a conference being called by the Minister of Labour, to which are being invited federal and provincial officials and representatives of voluntary agencies. It is hoped that out of this conference there will emerge a clearer picture of the problem as well as concrete and practical suggestions as to a useful course of action to be followed in the future by governments at all levels. Beyond that there is no more that I can say at the moment.

Item agreed to.

Family allowances—

278. Administration, $1,808,198.

Mr. Fleming: The Auditor General has drawn attention to certain matters which I think call for a statement from the minister. On pages three and four of his report the Auditor General refers to a situation which has arisen through the method used to verify the age of children. He lists 144,662 cases as at March 31 where payments have been made pending verification of the age. In paragraph nine on page four he points out that overpayments subject to recovery at the end of the year, which I presume means March 31, amounted to $429,394. He points out further:

> Overpayments occur, as a rule, because (a) proof of birth is not established, or (b) children are not being maintained by the applicant.

I think the committee is familiar with the statement made by the deputy minister of welfare indicating that steps were being taken to recover some of these amounts, but in paragraph 10 the Auditor General proceeds to make some concrete recommendations in reference to safeguards when he says:

> From birth to the age of 16, family allowance payments total $1,128. The extent of overpayments and the time lag between date of payment and receipt of data from the bureau of statistics make desirable the introduction of safeguards; for example, requiring (a) evidence of birth to accompany application, and (b) a parent to furnish annual declarations that the child is alive, is being maintained by the parent and, if of school age, is attending school.

I think those comments are worthy of the most serious consideration, and I ask the minister what steps he is proposing to take in the light of those recommendations?

Mr. Martin: My hon. friend has called attention to a statement made when I was away and which otherwise would have been made under my name. That statement was made by the deputy minister on the welfare side on my instructions because I realized that while the press reports no doubt were intended to be helpful, actually they did not give a true picture of the situation. In order to put things in a proper perspective may I say that in the last two years only $163 of overpayments have resulted through a lack of immediate birth verification. When you consider that in the last two years between $500 million and $600 million has been paid out by way of family allowances, and that there have been overpayments in the amount of only $163 for want of immediate birth verification, I think my hon. friend will find that the situation is one for which the administration of family allowances should be commended. I may say that the $163 was recovered. I think that statement ought to be underlined.

There were, on March 31 last, overpayments, in the amount stated by my hon. friend, of $429,394, out of gross disbursements made to date exceeding $1,100 million. Overpayments not yet recovered represent less than one-twentieth of one per cent of total family allowance payments.

Since the statement of the Auditor General came out, I have had an opportunity of examining the overpayment situation in those countries where family allowances prevail, and while I do not propose to give all the details today—it would take too long—my hon. friend will find that we not only compare very favourably but that our record is a record indeed in this respect.

The question really boils down to this. We have to make up our minds what we wish to accomplish with regard to birth tion as to birth verification, when family ance payment to be made as quickly as possible after birth? That was the intention of the house when the act was passed, and I think properly so.

In the case of the province of Quebec we were unable to get the same kind of collaboration as to birth verification, when family allowances came into being, as we got in the other provinces, and that fact accounts for the seemingly large proportion of overpayments in that province compared with other provinces. It was not because honesty is less prevalent there than elsewhere, but rather because it was not possible to obtain the same measure of early verification that we were able to get as a result of the co-operation given by other provincial governments.

As a matter of fact, a very small amount of the total overpayments are due to want of birth verifications. It is due to many other factors such as overpayments resulting from situations arising in respect of non-attendance at school, non-maintenance, the death of a child, non-residence, duplicate accounts, immigration regulations, children working for wages, and so on.

Therefore it is wrong to assume that the mere fact that birth verification does not immediately attend the registration for family allowance is the main circumstance which provokes this overpayment situation. We are anxious to give the payments to parents as quickly as possible at a time when they need them. If we had to wait until such time as the birth certificate came in, the family allowance payment would be delayed beyond measure, and our experience has shown that the trust which we place in the ordinary Canadian parent is more than justified. I do not think I need to say any more than that. We have to make up our minds whether we wish to provide family allowance payments as early as possible or wait until they are backed by a birth certificate. If the latter takes place, parents may not get the family allowances for several months, possibly longer. We feel the time to give the family allowance is as early as possible. Current verifications are now taking place as quickly as possible, and as I have indicated there have been overpayments in regard to new applications in the last two years only to the extent of $163 for want of immediate birth verification.

Mr. Fleming: To complete the information for members of the house as to administration, will the minister give the figures—I presume he has them in his report—on the cost through the Department of Finance and the Department of Public Works? There is such a statement on page 94 of his report for the fiscal year ended March 31, 1948.

Mr. Martin: National health and welfare costs of administration in 1948-49 were $1,697,858.58, for finance $2,082,951.73, and for public works $165,312.09, making a percentage of 1·45, a truly remarkable record of administration for which the directors of the family allowance administration are entitled to our undying thanks. When you realize that 3·5 per cent represents the cost of administration of family allowances in Great Britain compared with our 1·45, I think I may say it is a truly remarkable achievement.

Mr. Fleming: With the consent of the committee, will the minister put on record the same sort of statistical table he put on *Hansard* on June 11, 1948? I think he has it there.

Mr. Martin: Yes.

The Deputy Chairman: Has the minister unanimous consent?

Some hon. Members: Agreed.

Mr. Martin: The tables are as follows:

TREASURY OFFICE—DEPARTMENT OF NATIONAL HEALTH AND WELFARE

FAMILY ALLOWANCES DIVISION

Statistics Based on March, 1949, Family Allowances Payments

Province	Number of families in pay	Number of children in pay	Average allowance per child	Average allowance per family	Total amount
			$ cts.	$ cts.	$
Prince Edward Island	12,920	32,621	5 90	14 89	192,439
Nova Scotia	88,927	207,282	5 90	13 76	1,224,093
New Brunswick	70,610	181,921	5 81	14 96	1,056,297
Quebec	488,263	1,302,242	5 80	15 47	7,555,992
Ontario	575,961	1,140,778	5 96	11 81	6,803,098
Manitoba	101,917	211,752	5 95	12 36	1,259,377
Saskatchewan	115,170	258,370	5 96	13 37	1,539,635
Alberta	124,173	266,133	5 95	12 75	1,582,711
British Columbia	147,630	279,769	5 93	11 24	1,659,147
Northwest Territories and Yukon	3,579	7,785	5 84	12 71	45,478
National	1,729,150	3,888,653	5 89	13 25	22,918,267
NOTE: N.W.T. and Y. adjustment payments not included above					15,561
					22,933,828

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

FAMILY ALLOWANCES PAYMENTS (1949)

Province	April	May	June	July	August	September	October
	$	$	$	$	$	$	$
Newfoundland	703,836	805,032	816,275	816,213	818,071	819,676	827,242
Prince Edward Island	192,294	204,523	199,267	199,806	200,919	201,871	202,318
Nova Scotia	1,226,273	1,287,130	1,267,865	1,268,797	1,272,132	1,273,702	1,276,793
New Brunswick	1,058,245	1,136,592	1,103,830	1,108,371	1,113,130	1,115,260	1,118,501
Quebec	7,575,108	8,185,084	7,914,429	7,947,343	7,963,280	8,000,703	8,015,351
Ontario	6,818,767	7,007,328	6,958,632	7,010,664	7,070,580	7,091,267	7,100,465
Manitoba	1,263,127	1,301,629	1,292,855	1,300,170	1,308,200	1,305,931	1,310,461
Saskatchewan	1,537,599	1,593,503	1,575,489	1,587,842	1,589,744	1,584,832	1,580,409
Alberta	1,587,337	1,633,176	1,625,681	1,641,446	1,656,105	1,662,881	1,657,802
British Columbia	1,665,796	1,696,356	1,700,206	1,718,096	1,734,692	1,728,951	1,740,949
Northwest Territories & Yukon	48,295	47,589	51,578	51,311	49,495	49,371	50,674
National	23,676,677	24,897,942	24,506,107	24,650,059	24,776,348	24,834,445	24,880,965

Mr. Shaw: It is assumed where Indian families qualify for family allowances that the cheques are given out through the Indian agents. Is that correct?

Mr. Martin: I did not hear the question.

Mr. Shaw: Where Indian families are eligible for family allowances, are the cheques given out through the Indian agents to those families?

Mr. Martin: In about 78 per cent of the cases they are sent directly to the families.

Mr. Shaw: I wish to bring to the minister's attention one strong recommendation—it is one of a number—which I have received. The recommendation is that, so far as the situation at Rocky Mountain House is concerned, more care be taken with regard to the proper receipt by the legal recipients of the family allowance cheques. I wonder if the minister would bear that in mind.

Mr. Martin: I shall be very glad to.

Item agreed to.

279. Administration, $65,610.

Mr. Maltais: I should like to ask the minister whether administration of old age pensions, so far as applications for pensions and other facts are concerned, is left exclusively in the hands of each of the provinces?

Mr. Knowles: But within the provisions of the federal act.

(Translation):

Mr. Martin: That is definitely a provincial responsibility.

Mr. Maltais: Do some provinces pay old age pensions without benefiting from the 75 per cent contribution of the federal government?

Mr. Martin: The answer is no.

[Mr. Martin.]

(Text):

Mr. Maltais: I have in my hands a letter from one of the ministers of the province of Quebec in which he states:

(Translation):

To sum up, in the province of Quebec, old age pensions and pensions to the blind were paid for the first time under the Union Nationale government, in accordance with a provincial act and a provincial order in council, and the increase in the maximum pension from $30 to $40 was provided for by the Union Nationale government, under a provincial act.

Such indisputable facts will enable pensioners to draw their own conclusions.

(Text):

Following that I should like to know whether this statement is correct. Is it right to say that it would not have been possible to enforce the law in any province unless the province had the assistance of the federal government?

Mr. Martin: My hon. friend knows perfectly well, and he may want to pass this information on to interested parties elsewhere who desire it, that the Old Age Pensions Act was first passed by the federal government. The federal government has been responsible for the increases in the basic pension on three different occasions, for the increase in the outside income allowable, and of course the federal government pays 75 per cent of the basic pension.

Mr. Green: Will the minister answer my question now?

Mr. Knowles: My question is very simple. When is the means test going to be done away with?

An hon. Member: Tonight.

Mr. Knowles: Good. We would like you in the cabinet.

Some hon. Members: Carried.

Mr. Knowles: I did not ask that jocularly. It is a serious question, and is something that a good many members advocated in the last election campaign. It is the feature of the Old Age Pensions Act which people feel most offended by at the present time, and I think a statement by the minister is in order.

Mr. Martin: As to the question asked by the hon. member for Vancouver-Quadra, 75 per cent of old age pensioners have received the full benefit of the increase in the old age pension provided for by the house last year.

Mr. Fleming: Will the minister give the figures?

Mr. Martin: My hon. friend will appreciate that what we were aiming at was to try to put the full amount of the increase into the hands of the pensioners to further purchasing power. Those whose income took them up beyond a certain level did not benefit, but they were only about 10 per cent of the total figure. Fifteen per cent of the total received part of the increase. As to the question of the hon. member for Winnipeg North Centre, I simply want to say that the federal government's views with regard to the means test were stated in 1945 in the proposals made to the provinces. My hon. friend may smile, but that does not add anything to it.

Mr. Knowles: I do smile, because the minister goes back to those proposals time and again but does nothing about them.

Mr. Martin: Let me finish my statement, and perhaps my hon. friend will agree that I have dealt with the matter pretty responsibly. In 1945 the government did make a certain proposition to the provinces, which was conditioned upon certain other actions by the provinces involving tax agreements and the like. That proposal inevitably was part of a whole pattern, a whole series of proposals.

Our means test in this country is as liberal as any other means test found in any part of the world. That is the first thing. No country has eliminated the means test. They have it in the United States; they have it in Australia; they have it in the United Kingdom; and they have it in New Zealand. Those are the facts. There are difficulties. I am not saying our situation is perfect; but until such time as we have a contributory system of old age pensions I say it is irresponsible to talk about the elimination of the means test.

To talk about liberalizing the means test is another matter. No one has a greater interest in this matter than I have, but I believe one must put the whole subject before the country. We are spending now on federal account $100 million on old age pensions. The old age population of Canada represents a growing percentage of the total population. There are 625,000 people of the age of seventy in Canada today. Of that number 275,000 are in receipt of old age pensions. There are 4,200,000 children receiving the family allowance. Total family allowance payments are less than $300 million. If we were to leave the basic pension at the present level of $40 a month and eliminate the means test completely, without lowering the age, the cost would be $300 million. I ask the house to bear that figure in mind. To leave the old age pension at the basic rate of $40 per month and lower the age for women only to 65 would cost $391 million. To leave the pension at $40 a month and lower the age to 65 for men and women would cost $491 million. To put the pension at $50, lower the age and take away the means test would cost $614 million.

Those are the facts. I ask hon. members to consider them. No one can take away from my appreciation of the importance of our social welfare plans in the kind of economy we have in the western world; but having in mind the facts I have just stated, bearing in mind that we hope there will be extensions of other phases of social security at the right time and in the light of conditions that prevail, hon. members should ask themselves whether they think, in the absence of a contributory system of one sort or another—there being several kinds of contributory systems—it is possible to completely eliminate the means test. I say it has not been done anywhere. I say that the abolition of the means test must be associated with the adoption of the principle of contribution in some form, a matter which is receiving our fullest attention.

Mr. Drew: I intend to deal with only one aspect of this matter, Mr. Chairman, because I do not desire to make any extensive remarks in regard to what should be done. That is so for the simple reason that anything suggested cannot be done at this particular point, no matter how much we might wish it. At the moment we are dealing with items calling for expenditures based upon legislation already adopted. No matter how convincing any argument might be at this time it cannot change the basis upon which these items are put forward. It is within the power of the house, if the arguments presented should be so convincing, to strike out any item. It is not within the power of the house as a whole to increase an item, except on motion of the government. Therefore I wish to make it clear that my failure to enlarge upon what I think should be done arises only because

personally I do not feel that a discussion can produce any practical results at the present moment, and that the appropriate time for such a discussion will be next session, when we have the broad program of legislation under consideration.

In making that statement I am not presuming to be critical of anyone who has expressed an opinion in regard to a subject which is of great concern and great importance to the people of Canada. The only reason I am rising to speak at the moment is that I do want to place on record the simple circumstances which relate to why as yet there has not been any effective provision for action by the dominion and provincial governments to deal with this subject on the basis of a broad, joint contributory plan. I am not quite sure why the minister introduced the fact that proposals had been put forward by the dominion government in 1945 embracing certain provisions of this kind; but since this does become a record I wish to make it quite clear that there is only one reason why consideration has not yet been given to a broad, contributory plan approved by both the dominion and the provinces. That is because the dominion government has firmly refused to reconvene the dominion-provincial conference since the last conference adjourned on motion of the dominion government on May 3, 1946. This may be constant repetition in the minds of some people, but obviously only by constant repetition can the truth be kept clearly before the people. Because of the fact that this has been raised by the minister I can only express my regret—

Mr. Warren: That is not quite the truth.

Mr. Drew: It is the exact truth; and I intend to keep that truth on record in this house. I want to express my regret that the dominion-provincial conference at which general problems of this kind can be discussed, as announced recently, will not take place until next fall. This means that on the very proposition put forward by the minister there can be no consideration until the session of 1951, on the basis of joint action by the different governments. I would point out that the conference that will be called is only being called because it is necessary, owing to the termination of the financial agreements that were signed, and which were not, incidentally, the financial arrangements before the conference of 1945-46.

That is all I propose to say, but I wish to make it quite clear, and the record cannot be challenged, that these joint plans can only result from the combined action of the dominion-provincial governments, in view of both the constitutional position and the administrative problems involved. It is a matter of regret that the conference has not been convened to deal with that up to now, and the next conference will not be called until the autumn of the coming year. I can only express the hope that when this conference does meet, the dominion government will indicate a willingness to meet the provinces upon a basis of co-operation, which was not displayed in the previous conference, and which they have not displayed in the intervening period.

Mr. Knowles: The minister quoted some figures that are well-known to those of us who have followed this matter closely during the years. The point seemed to be that it was irresponsible for anyone to request such a thing as the removal of the means test—

Mr. Martin: No, I did not suggest that. Look at the context of what I said.

Mr. Knowles: I believe the minister used those very words. He went on to anticipate some of the other things I was going to talk about, such as the lowering of the age limit—

Mr. Martin: The hon. member told me if he was allowed to make a speech on the general item, he would not make a speech on this one.

Mr. Knowles: This is not a speech; I am just asking some questions. The minister implied that it was irresponsible to request the removal of the means test—

Mr. Martin: If you inferred that, I withdraw the implication, because it was never intended.

Mr. Knowles: —because of the amount of money it would cost. May I tell the minister that he ought to direct remarks like that to the members on his side of the house. Practically every one of those members made it a plank in his election campaign that he would work for the removal of this means test.

Some hon. Members: Oh, no.

Mr. Knowles: If the members wish to deny it, they can. I went across a good part of this country during the election campaign, and I saw the advertising the Liberals were putting out. It did not jibe with what the minister said here. It said, "I stand for the removal of the means test pending—not after, but pending—the adoption of a contributory plan."

Mr. Warren: Who said that?

Mr. Knowles: I read it over the name of the member for Vancouver Centre the other night, but I saw it in many parts of the country.

Mr. Warren: Don't put words in my mouth.

Mr. Knowles: I would not expect the member for Renfrew North to know what this is all about, but the people of this country were led to believe that the Liberals stood, at long last, for the abolition of the means test.

An hon. Member: Might I ask the hon. member a question?

Mr. Knowles: When I am finished. I submit that the minister is off on the wrong foot when he says it is irresponsible—

Mr. Martin: I said that I withdrew the implication. Why do you keep on repeating when I have already said that?

Mr. Knowles: I am telling the minister, and I am telling the Liberal members of this house, that it is one of the things the people of Canada thought this government would implement, as soon as possible after the election.

I should like to say further with regard to this whole question of a contributory plan, Mr. Chairman, that it seems to me that what we are getting now is the use of that phrase "contributory plan" as an excuse for doing nothing. Some day we shall have to insist on a statement of policy by the government, as to what they mean by a contributory plan. Do they mean by it merely a plan for a few more items, or do they mean an over-all plan? At the moment, the government is simply saying, we cannot take away the means test until we get a contributory plan, and we cannot do that until we get an amendment to the B. N. A. Act, and we cannot get an amendment to the B. N. A. Act until we have several more conferences.

Mr. Martin: I did not say that.

Mr. Knowles: In other words we do not get the problem solved until we have two or three more elections. I can tell the government that that is not good enough. The minister boasted today that the means test which is now in effect is the easiest means test there is, compared with the other countries. I should like to tell the government that the means test, so far as the other income it allows is concerned, is worse now than it was when the Old Age Pensions Act was brought into force in 1927. At that time, a single pensioner was permitted $125 of other income, while today a single pensioner is only permitted $120 of other income.

Mr. Martin: I do not want to prolong this debate, but my friend knows that I have said that is not the situation. Only ten per cent of the old age pension receiving population are affected by that, so when my friend says it is worse than ever before, he is not dealing with the situation accurately.

Mr. Knowles: What I said was perfectly correct. I said that when the Old Age Pensions Act was brought into force, it allowed a single pensioner $125 of other income; is that not right?

Mr. Martin: That is right.

Mr. Knowles: Today it allows $120 a year to a single pensioner; is that not worse? In 1927, when the act was brought into force it allowed $250 of other income for a married couple, while today it allows only $120 between them or, in other words, $60 each. That is a great deal worse. I submit there is nothing I must withdraw at all, and my statement is quite correct. That means test allows old age pensioners today a smaller amount of other income than was the case when the act was first brought in.

What the minister is trying to say, to deflect the discussion, it that, despite what the means test is, it affects only a small percentage. I should like to have the figures to prove the percentage he quoted. We had some unsatisfactory discussion about that point last session. Certainly, from the correspondence I receive the most offensive thing to our old people today, is the amount by which the pension is cut down, because of the application of this means test.

Some hon. Members: Six o'clock.

The Deputy Chairman: In my opinion, we will expedite the business of the house if hon. members are allowed to make their speeches without interruptions.

Mr. Knowles: I want to remind the minister, as I did last April, that this same situation developed back in 1943. In that year, Mr. Ilsley raised the pension from $20 to $25 a month by order in council. When he did it, he did not raise the total amount of income that the pensioners could have, and the result was that the amount of other income the pensioner could have was reduced from $125 a year down to $65 a year. We kicked about it then, and we got the same sort of answers we are getting from the Minister of National Health and Welfare now. By continuing to complain about it—and even Liberals went out across the country and found that it was most offensive, and they joined in the complaining—in six or eight months' time Mr. Ilsley corrected that, and put the ceiling back where it was.

I believe I have made it clear that I think the means test should go, and I believe the member for Vancouver-Quadra agrees with me. If that cannot be done immediately, I believe the member for Vancouver-Quadra and the rest of us who have spoken about it

agree that the least the government should do is to put the ceiling back where it was before the amendments of last April.

Mr. Green: I have not yet received an answer to the question I asked. The minister has said that there are 75 per cent of the old age pensioners getting the full benefit of the $10 a month increase which was put through last April. I think he also said that 10 per cent got no benefit at all.

Mr. Martin: That is right.

Mr. Green: That means that approximately 25,000 old age pensioners in Canada got absolutely no benefit from the increase of last April.

Mr. Martin: Because they had outside income.

Mr. Green: Because the ceiling was not raised.

Mr. Martin: Yes, that is right.

Mr. Green: That also means that about 37,000 other old age pensioners got only a portion of the $10 increase because the ceiling was not raised. Is not that correct?

Mr. Martin: They had $50 a month to live on.

Mr. Green: That may be; but the result is that 62,000 or 63,000 old age pensioners did not get this increase of $10 a month.

Mr. Martin: Ten per cent only did not get it.

Mr. Green: Let us get down to figures; 62,000 approximately did not get the increase.

Some hon. Members: Six o'clock.

Mr. Martin: I wonder if we could go on. I should like to finish.

Mr. Green: Sixty-two thousand did not get the full increase of $10 a month. We are now to understand from the minister that government policy is to keep that ceiling where it is at the present time. I can only say that it is a great tragedy for at least 62,000 senior citizens of Canada. It is entirely out of line with what this house had in mind when the amendment was passed last April. I do urge upon the government that at the next session they lift the ceiling so that allowable income will be put back to where it has been ever since the Old Age Pensions Act was introduced.

Mr. Fleming: Will the minister give us figures instead of percentages of those who benefited?

Mr. Gillis: It is six o'clock. If we are going to sit overtime tonight—

[Mr. Knowles.]

Some hon. Members: Let us finish this item.

Mr. Martin: I gave the figures in a return to the hon. member for Lake Centre.

Mr. Fleming: Will the minister put them on the record now? If they are in a return they are not on the record.

Mr. Martin: It has already been given in the return.

Mr. Knowles: Six o'clock.

Mr. Gillis: I am going to call it six o'clock.

Mr. Martin: Would the hon. member mind going on for a few minutes. I would like very much to finish, if we can.

Mr. Knowles: There are still some important items.

Mr. Martin: I know my hon. friend will try it for a few minutes.

Mr. Gillis: I am in this position. We sit in the house for two months early in the session and listen to a lot of abstract discussions that mean nothing except giving hon. gentlemen a chance to make a speech. The meat for which this parliament is called is here. We are dealing with money that runs this country and goes back into the lives of our people. At every session the same thing happens. We are sandwiched between Christmas and the estimates. I am prepared to sit here and discuss these things properly, and I do not care so long as I get home by Christmas eve. I just don't like this business. I could not say what I want to say in the next twenty minutes or half an hour. I do not want to keep hon. members here listening to me. I do not like this procedure. The government is going to get stuck one of these times with this kind of thing unless we come to an understanding to deal with the estimates earlier. In my opinion under the welfare department we are discussing matters that vitally affect the people of the country.

Mr. Martin: I agree.

Mr. Gillis: It should not be rushed and hon. members should have a thorough understanding of it.

Mr. Knowles: Six o'clock.

Some hon. Members: Carried.

Mr. Gillis: I am through with it. I cannot say what I want to say.

Item agreed to.

279. Administration, $65,610.

Mr. Fleming: Expenditures?

Mr. Martin: Expenditures $63,550.78; unliquidated commitments, $1; total commitments $63,551.78.

Item agreed to.

280. Administration, $60,887.

Mr. Fleming: Expenditures?

Mr. Martin: I have not got these. Could I give them later?

Item agreed to.

281. Assistance to provinces, $85,689.

Mr. Fleming: Expenditures?

Mr. Martin: Expenditures $100,353; unliquidated commitments none; total commitments $100,353.

Item agreed to.

282. Assistance to schools of social work, $50,000.

Mr. Knowles: Six o'clock, Mr. Chairman.

Mr. Fleming: If hon. members are willing to carry on, I think we can finish up very quickly.

Mr. Knowles: No. It has already been suggested that we sit for an extra hour tonight.

The Deputy Chairman: Unless we have unanimous consent it is difficult to carry on. As has already been pointed out, in December benevolence is in season. If hon. members do not object perhaps we can carry on for a few minutes. May I point out that once we reach the heading "Miscellaneous grants" there is nothing contentious that I can see. If unanimous consent is given perhaps we can call item 282 and carry on for a few more minutes.

Mr. Knowles: Would you set a time?

The Deputy Chairman: I shall see six o'clock in about twenty-five minutes' time.

Mr. Fleming: In keeping with the feeling of the committee, I shall be very brief. I know there are others who are of the same mind as I am in regard to this item of assistance to schools of social work. For that reason I am going to be brief.

A brief was submitted to the minister by the national committee of Canadian schools of social work on this item. I consider the contentions in the brief in support of increased grants for schools for social workers are unanswerable. I do hope that the minister will make the most strenuous efforts to increase those grants. They are needed by Canadian schools of social work to cover part of their administration expenses, and to provide student bursaries. The personnel situation in social work in Canada is still very critical, and unless these schools receive federal assistance there is going to be a continuation of the crisis in the matter of personnel engaged in social work. The fact that the D.V.A. assistance is in process of being reduced as the number of student veterans who are attending the schools of social work graduate contributes to the critical situation that exists.

In line with the program that the national committee of these schools submitted to the minister it had been expected that grants in the neighbourhood of $130,000 would be available this year and $178,000 next year. For my part I commend this to the minister and urge him to give it active support.

Mr. Knight: I am afraid I cannot take the responsibility of delaying the committee. The chairman himself and the minister will have to do that. In my opinion this is one of the most important items that we have discussed and I propose to discuss it. Personally I should like to back up the remarks made by the hon. member from Cape Breton South. I consider this haste with the estimates scandalous and unrealistic. In my opinion, if these estimates are to be discussed as they should be discussed we should sit here until Wednesday night at the very least.

Having said that I shall say that I am deputed by a number of my colleagues to shorten this debate by saying on their behalf what I am about to say. Perhaps that will substitute one speech for four. I have been spoken to in that regard by the hon. member for Winnipeg North, the hon. member for Winnipeg North Centre, the hon. member for Kootenay West and the hon. member for Yale, each of whom had expressed his intention to say a word or two.

I was glad to hear the minister say that he took second place to no one in a desire to promote social welfare. Here is his opportunity. Personally I think this grant should be increased. I myself have had some connection with welfare work. I realize, and the committee must realize, that there is a great dearth of social workers in this country. I remember a number of years ago, when the present Prime Minister was minister of justice, I asked how many trained psychiatrists there were in connection with the penitentiaries, and he said there was one such person, and that he was attached to Kingston penitentiary.

Mr. Martin: I wonder if the hon. member would object if I said this—possibly to help him to abbreviate or to shorten what he is about to say—

Mr. Knight: I am doing very well without help.

Mr. Martin: I regard the work the hon. member is urging as highly important, and I can only say I regret it greatly if this measure were not continued in another year.

Mr. Knight: I can see one advantage in having these estimates brought forward under pressure. The minister is prepared to commit himself earlier than he would otherwise. I want the estimate not only continued, but increased. I said I had been connected with family welfare work in Saskatoon, and one of the disadvantages with which we found ourselves faced was a lack of trained personnel for social work. It was almost impossible to obtain properly trained and qualified workers.

Some people think that good intentions are all that are necessary for the social worker. I know however that, in addition to a natural aptitude for his work, he must have training of a high degree. I am referring to training in psychology or psychiatry, and human relations. The demand for social workers is increasing, and I propose to give one or two reasons why. In the first place mental instability is decidedly on the increase. We find that the average age of occupants of prisons is becoming lower. We find that the number of divorce cases in almost all the provinces, and throughout the country, is becoming higher.

Then there is the matter of the government's social program to be considered. There are increased public services rendered by governments in connection with which trained social workers are necessary. Personnel will have to be supplied. There are a number of schools of social welfare, which are entitled to this grant as the hon. member for Eglinton has pointed out. These are connected with universities—I shall not read the list because I think that is hardly necessary.

The grant in 1946-47 was $100,000, while in the two following years it was $50,000. I was disappointed when this year's grant was only $50,000 because, as I said in my opening sentence, I think it should have been increased.

These grants have substantially increased enrolments in these social schools. Without that assistance I doubt if the enrolments would have increased, and many of the students would not have been able to take the course. The grant for 1949-50 of only $50,000, in spite of the representations which have been made to the Department of National Health and Welfare, is disappointing. I might have said that the fact the D.V.A. training scheme is now completed has some bearing on this question, because a great many people who were prepared to go into social service work under that scheme find it is no longer available to them.

The estimates this year would seem to indicate that any increase of this $50,000 in the future is uncertain. I would urge upon the minister the necessity for increasing this amount. I do not know what the schools have applied for. I have not read their brief with care.

Mr. Fleming: It is $178,000 for the next year.

Mr. Knight: May I say, as my last word in this connection, that bursaries are necessary. The average student going into this work would be better qualified if he had a B.A. degree, or an academic degree of some sort with which to begin his studies in social work. The temptation for those with degrees is to go right to work and earn a living at once. I have known of several cases of people with considerable aptitude who said, "I cannot afford it; I will have to go to work at once at the thing for which I have been trained." Had there been some inducement in the form of a bursary or a scholarship these people, with their leaning towards social work, might have been induced to take further studies. I think we would get a much better type of person by that method. Under present circumstances they are reluctant to spend more time in schools or universities. As a final word let me express the hope that the minister will see fit in future to increase this amount.

Mr. Croll: Mr. Chairman, may I associate myself with what has been said by the hon. member who has just spoken, and the hon. member for Eglinton. I had intended making some extensive remarks, but those hon. members have pretty well covered the ground, and there is nothing much further to say. I would add only this statement, that I think the grant is not large enough. As was pointed out by the hon. member for Saskatoon, it has been cut from $100,000 to $50,000, and is inadequate.

The amount is not assured. It is given for only one year, rather than for a period of years, which would give some opportunity to do planning. Some of the effect is lost. My suggestion is that the minister ought to give some assurance that these grants would be continued for a period of three or five years so that the responsible schools may be built to a point where the people in the communities involved may take advantage of them.

Mr. Proudfoot: I, too, wish to commend the minister and the government for their assistance to schools in connection with social work. I should hope that he and the government might see fit in future to increase this grant substantially.

Mr. Knowles: Will the minister not answer?

Mr. Martin: I have already spoken. I cannot add to what I have said.

Mr. Knowles: All the minister said was that he would regret it if it was not there next year. Surely he can put it in more positive terms.

Mr. Martin: What more can any minister say? I do not run this government; I am only a member of it.

Mr. Fleming: The most important member.

Mr. Martin: I feel that this is an important matter, and I cannot take any other attitude. The hon. member knows that.

Item agreed to.

285. Health League of Canada, $10,000.

Mr. Hansell: I have said nothing in the discussion of the health estimates.

Mr. Harris (Grey-Bruce): Neither have I.

Mr. Hansell: I had a forty-minute speech to deliver on this item, but if the minister will give an answer yes or no to my question, I shall cut it down to forty seconds. I am sure hon. members appreciate the work being done by the Health League of Canada. Part of that work is the publication of a fine magazine called *Health*. I have a grievance—and this is the point at which I would have made my forty-minute speech. I find in this magazine some advertising for cigarettes. One of these ads is most appealing, showing the picture of a rather glamorous-looking young lady with a cigarette in her hand. It is very appealing, indeed.

The part which struck me most, however, was that in the ad there appear in small type these words:

Awarded the certificate of the institute of hygiene for quality and purity.

I know I might be very unpopular in making a speech of this kind, and by vast numbers of people I may be considered a crank. May I say that history has proved that anything worth while is always done by a crank. That advertisement would give the impression that it is a pure and highly desirable habit to become a cigarette smoker. I want the minister to give a simple answer of yes or no. I think the minister has played quite a part in holding up his own estimates by saying too much. If I were a minister of the crown and wanted to pilot through my estimates I would try to look as dumb as I could.

Mr. Martin: I am doing my best.

Mr. Hansell: I guarantee that I would get my estimates through faster than those of any other department. Does the minister support that kind of advertising in a magazine which is supposed to be published in the interests of the health of Canadian citizens—yes or no?

Mr. Martin: The government has nothing to do with the magazine. It is published by a voluntary organization. If I had anything to do with it I would give that matter careful consideration.

Mr. Hansell: I know the government has nothing to do with the magazine but $10,000 is being given to this organization which publishes this magazine. My forty-minute speech will be made some other time.

Item agreed to.

Health grants—General health grants—

694. To provide for the following grants to the provinces, under the terms and conditions approved by the governor in council—Health survey grant to assist the provinces in surveying present health services and facilities, including hospitals, and in studying ways and means of improving and extending the same; to be distributed on the basis of a flat amount of $5,000 to each province and the balance according to population but the total payment available to any province in no case to be less than $15,000—further amount required, $19,779.

Hospital construction grant to assist the provinces in the provision of adequate accommodation for hospital and health services; to be distributed on the basis of $1,000 per bed for active treatment beds, $1,500 per bed for chronic or convalescent beds, or in the case of other health facilities on an equivalent basis; provinces to match or exceed dominion contribution which shall in no case exceed one-third of total cost—further amount required, $334,629.

General public health grant to assist the provinces in strengthening general public health services; to be distributed on the basis of 40 cents per capita of population, to provinces which maintain at least their standard and extent of service in this field as at March 31, 1948—further amount required, $132,400.

Tuberculosis control grant to assist the provinces in an accelerated and intensified effort toward the eradication of tuberculosis and to extend progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance to be divided 50 per cent on the basis of population and 50 per cent on the basis of the average number of deaths from tuberculosis in each province over the previous five years—further amount required, $176,614.

Mental health grant to assist the provinces in the prevention of mental illness and in extending progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance according to population—further amount required, $122,171.

Venereal disease control grant to assist the provinces in extending and intensifying their present efforts toward the control of venereal disease; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population—further amount required, $15,944.

Crippled children grant to assist the provinces in an intensive program for the prevention and correction of crippling conditions in children, rehabilitation and training; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population—further amount required, $15,944.

Professional training grant to assist the provinces in the training of personnel for public health and hospital staffs; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population—further amount required, $15,944.

Public health research grant to assist the provinces in stimulating and developing public health research—further amount required, $5,148.

Cancer control grant to assist the provinces in programs for the control of cancer; to be distributed according to population, with any such programs for cancer control to be approved and the cost thereof to be divided equally between the dominion and the province concerned—further amount required, $90,093.

Mr. Gillis: There are a number of things I should like to know about this item but I am particularly interested in the grants to provinces to help crippled children; how is that applied?

Mr. Martin: A province will put on a project. For instance, Saskatchewan recently put on a project to provide for the examination by dentists of some 45,000 children of high school age, which was approved.

Mr. Gillis: What is done with the grant to Nova Scotia? During the last five months I have tried to get something done for some incapacitated children but I could get nowhere. I was told to go to the Rotary Club or get in touch with the Red Cross and so on.

Mr. Martin: A total of $26,945 was available for that purpose in Nova Scotia.

Mr. Gillis: Have any projects been recommended there?

Mr. Martin: Yes. One of the last projects concerned X-ray equipment for the children's hospital in Halifax. There is another project for the provision of braces for children. Those are the only two I have before me now.

Mr. Gillis: When a grant is made to a province is it made to all children who may be in the category, or must children who need assistance pay for it?

Mr. Martin: That would be a matter of policy for the particular province.

Mr. Gillis: The minister is doing all right in his department because he is making funds available. But once the funds get into the hands of the provinces do they apply to the people the department has in mind or are they told that if they are not in position to pay, the services are not available or it would be on a charity basis? Are these people to be told to go to the Rotary Club or the Red Cross for assistance? People do not want to be placed in the position of having to ask for charity. I hope at the next dominion-provincial conference the government takes a strong stand in an effort to bring our people out of the field of charity as far as grants by the federal government are concerned. If this cannot be done with the consent of the provinces we should bear in mind that we can now change our constitution.

Item agreed to.

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

Progress reported.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at eight o'clock.

Hon. Alphonse Fournier (Minister of Public Works): Mr. Speaker, to meet the wishes of most members of the house, with unanimous consent I should like to move that we give priority to the bill entitled an act to amend the Canadian Red Cross Society Act.

Some hon. Members: Agreed.

Mr. Cruickshank: Mr. Speaker, I presume the normal procedure will follow immediately afterwards.

CANADIAN RED CROSS SOCIETY

AMENDMENT OF ACT TO PROVIDE FOR EXPANSION IN CANADA

Mr. A. A. Macnaughton (Mount Royal) moved the second reading of Bill No. 222, to amend the Canadian Red Cross Society Act.

Mr. Coldwell: Is the hon. member in charge of the bill going to explain it?

Mr. Macnaughton: Mr. Speaker, I should first like to take the opportunity to thank members of the house for their great co-operation and assistance in allowing the house to proceed with the second reading of this bill. I take it to be a tribute to the work of the Canadian Red Cross Society. This morning I tried to outline briefly the general purposes of the measure, and with your permission I shall go over the same ground again. The purpose of the bill is to allow for the expansion of the Red Cross Society in Canada. Section 1, for example, is an amendment to remove the limitation on the value of real estate which can be held by the society. This is necessitated by the rise in the value of real estate, and also because the society wishes to expand its services, particularly with regard to the establishment of outpost hospitals and blood transfusion services across Canada. Section 2 deals with the governing body.

Mr. Smith (Calgary West): What are the figures on the increase in real estate holdings?

Mr. Macnaughton: Under the Canadian Red Cross Society Act the limitation is $100,000. I believe the actual value is approximately $150,000 now. Therefore we can easily see one of the reasons for the amendment. The second major point is that, with the addition of the new province of Newfoundland, the society desires to enlarge its governing body from forty to sixty members. That also entails the enlarging of the executive committee from approximately a minimum of seven to eighteen, or perhaps a few more. Last but by no means least is the desire of the society to sanction the use of the following words, "La Societe Canadienne de la Croix Rouge", as the name of the Canadian Red Cross Society in the French language. If hon. members will co-operate in passing the bill, I am sure that the extension of the services of the Red Cross Society will be helped very materially.

Mr. Howard C. Green (Vancouver-Quadra): Mr. Speaker, the members of the official opposition are very glad to support the bill, and to commend the hon. member for Mount Royal (Mr. Macnaughton) for bringing it before the house. I suppose there is no organization in Canada which has done finer work through the years than the Canadian Red Cross Society. I think it has the support and admiration of Canadians from coast to coast. We are only too glad to do what we can to help the society. It is worthy of comment that one of the main reasons given by the society for asking for these amendments is so that it may go further in its wonderful work of establishing outpost hospitals and extending blood transfusion services across Canada. This society seems to have had the faculty of keeping in touch with developments from year to year, and of always being ready to serve where the need is greatest. We are very glad to be able to support the bill tonight.

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, it is not often that one has an opportunity of saying a word concerning an organization of this description. While the hon. member for Vancouver-Quadra (Mr. Green) said he was glad to rise on behalf of the official opposition to commend the hon. member for introducing the bill, and also to express appreciation of the society, I am sure that all of us, wherever we sit in the house, share the sentiments that he expressed. I know of no society in the world which throughout the years has done more for suffering people than the Red Cross. Too many people have looked upon the Red Cross Society as a purely wartime institution, but those who have lived nearer the outposts of the country, and in the newer provinces of Canada, have an appreciation of what the Red Cross has done between wars.

I know that during the depression years the Red Cross Society performed splendid work on the prairies in the province of Saskatchewan in aiding many people who were suffering from adverse conditions. Outpost hospitals in our northern regions were an example of what might be done in a bigger way as the days went by. This afternoon we listened to the Minister of National Health and Welfare (Mr. Martin) outlining some of the problems of his department and expressing the hopes that he and all of us have in relation to the extension of public health services on a much wider scale in Canada. When we think of what we hope to do concerning public health, of necessity we think of organizations that have laid a foundation for the kind of thing we want to do on a much larger scale than can be done by a private organization such as the Red Cross Society. During the last war the Red Cross Society inaugurated a splendid blood bank service which it has carried forward into peacetime. It organized the taking of blood in order to facilitate its use in transfusions.

One has an opportunity on an occasion of this sort to say something by way of appreciation of what this great society has done. I think the house will be pleased to learn that the governing body is to be enlarged because of the society's activities in our new province of Newfoundland. Therefore I want to say, and not only on behalf of my own party because I know my views will be shared by all members of the house, that we appreciate what the Red Cross Society has done throughout the years in war and in peace, and we hope that the measure which has been introduced by the hon. member for Mount Royal (Mr. Macnaughton) will enable the society to go forward and perform still finer work from one end of Canada to the other, including the new province of Newfoundland. We support the bill.

Mr. G. A. Cruickshank (Fraser Valley): I should like to say a brief word on this measure. I believe the hon. member for Mount Royal (Mr. Macnaughton) will be the first to acknowledge that many years before I ever arrived here certain rules of procedure were laid down by someone far more learned than I am. The hon. member for Mount Royal came to me this afternoon and was the first to admit the existence of such rules. I said I would gladly stand aside for such a measure although I had the privilege of speaking at eight o'clock tonight. I think the hon. member is probably a little bit more experienced than some of the

members who interrupt from time to time. As it happened, during the first great war I was grateful for the service I was given by the Red Cross. I know what they did for me and those who served with me. But particularly do I know and appreciate, on behalf of the people of my riding, what the Red Cross did during our time of trouble last year, when we had flood conditions in the Fraser valley. To me it is not a question of being asked to contribute to the Red Cross. To me it is a privilege to contribute in any form, whether by donating blood or giving money. What the Red Cross has done, not for the Fraser valley, not for the province of British Columbia, not for Canada, but what it has done for the whole world entitles it in my opinion to the support of every hon. member of this House of Commons. I can assure the hon. member for Mount Royal (Mr. Macnaughton) that I am entirely behind any effort he makes in behalf of this magnificent organization.

Mr. A. L. Smith (Calgary West): Mr. Speaker, I rise to take part in this discussion because, in spite of what some people may think, I have an interest in the subject that has been raised. Like other hon. members I am anxious to compliment and commend the hon. member for Mount Royal (Mr. Macnaughton) on bringing forward this bill. Some people may criticize the Red Cross because of the way its money is raised; but the simple fact is that when people are in trouble, when danger threatens or disaster strikes in any part of Canada or the United States, this organization stands ready to alleviate the sufferings of the people concerned. So anything we can do to help the Red Cross must appeal to every member of this house.

I have had some experiences in this connection, one of which might interest the house. The Red Cross is based upon the Geneva convention. During the early days of the last great war the president of the Canadian Red Cross happened to be a friend of mine who lived in Regina, and who is now a member of the court of appeal of that province. We graduated in law together; and if the Minister of Justice (Mr. Garson) were here I might suggest to him that I would like to join my friend of law student days on the august bench of my province. But that gentleman learned something, which I want to tell you about. When he assumed office as president of the Red Cross and came to Ottawa there was not a single copy of the Geneva convention in this city. In a worthy effort the government had the splendid idea that, as part of the war effort, it should take care of the financial responsibilities of the Red Cross. I am not criticizing the government of that time for this, because we all assumed we knew what the Geneva convention said. That action, of course, would have been entirely opposed to the whole principle on which the Red Cross was founded. That organization only operates in other countries in time of war because of the fact that it is not supported by the governments of any of the contending parties. That is the whole basis of the Geneva convention. So this splendid chap had to keep on searching until at last—and I am looking at the hon. member for Spadina (Mr. Croll)—he found a copy of the Geneva convention in the public library in Toronto. From that copy many other copies were made, so now I take it that if anyone should seek a copy of the Geneva convention it will be readily available.

I merely mention that incident, Mr. Speaker, because we all have certain things preached to us for years and we assume that they are like the laws of the Medes and Persians and cannot be altered. The fact is, of course, that the Red Cross in Canada and every other country in the world is based absolutely upon the Geneva convention.

It would be a waste of your time and mine, Mr. Speaker—and frankly I have more time than you have—to try to deal at length with the continuous achievements of this organization. Perhaps the knowledge most of us have is largely confined to the communities in which we live. Following the remarks of the previous speaker I remember how shocked we all were two sessions ago when we learned of the conditions then existing in the province of British Columbia and particularly in the Fraser valley, from whence my friend comes. If ever I was really proud of the parliament of Canada it was when this parliament to a man supported the expenditure of public money to meet that emergency. But the Red Cross were there first. They looked after the job; all we did was provide some money, most of it after the event, to back up the excellent work done there by various organizations.

I was not alive during the Crimean war, and the name of the nurse who founded the Red Cross escapes me for the moment—

Some hon. Members: Florence Nightingale.

Mr. Smith (Calgary West): Incidentally my younger brother is married to another Florence Nightingale. Even to have this matter discussed in this house must recall to everyone who has read any history the heroic deeds of that noble woman. That was the beginning, not particularly of the Red Cross in our country, but of the idea of the Red Cross as between countries. The Red

Cross of the world owes its origin to her efforts on that occasion, when she looked after not only British soldiers but the soldiers of our enemies. Today in this House of Commons, we can do a trifle more towards this worthy cause.

I understand this bill contains three sections. I have not a copy of the bill, but I think I can speak fairly accurately from memory. May I say that the sponsor of the bill called on me today, and gave me an opportunity of reading the bill. There are only so many copies of it in English, and so many copies in French. I told him I knew what it meant, and I am for it; go out along the highways and byways and see some of these other chaps, so you can bring them into the picture. I have been handed a copy of the bill, and I am going to preserve this among my mementos. I have four grandchildren, all boys. My grandchildren will say, "Did old super-granddaddy get this particular copy in the House of Commons?" The answer will be, "Yes, he did, and you just follow old granddaddy; you will be broke, but you will have an awful lot of fun."

This bill contains three sections. I hear a number of those wealthy Conservatives around me laughing. I notice that I buy my own lunch, as a matter of fact, rather regularly, so we can let that go. Gentlemen, do not be cynical about what I am going to say, because your pipe line bills would not have got to first base, anyway. I should like to say that the unanimous consent given to the member for Mount Royal shows that the principle of hard things, money things, is not the most important in our lives. It means that human understanding and sympathy are still the main factors that control the thinking of the members of this House of Commons. For that I compliment them, including myself.

Some people laugh at sentiment. They say, "That is sentiment." Listen, Mr. Speaker, and gentlemen of this House of Commons: Unfortunately, on one side the controlling factors in human conduct are still greed and selfishness, but on the other side the controlling factor is sentiment. I am happy that it is so. I do not want to be one of those people who live by pure reason. Psychologists tell me that at about 32 years of age those fellows go to their mental institutions, and they never leave. Those fellows are the gold medallists in our universities. The answer is that they have single-track minds. They are confined to one idea, so they have a good development on one side of their cerebellum, while the other side pushes in, and out goes sanity; that is the whole story of insanity in this country.

Old as I am, I still remember that the pleasant things that have happened to me throughout life have been those of sentiment. Perhaps I am quite unable to reason; I do not know. When I meet a fellow who is too reasonable, I know from the outset that he is utterly wrong. I can assume that, and experience has proven that I have nearly always been right in my judgment of that sort of person.

I shall not take any longer—

Mr. Fulton: Just another five minutes.

Mr. Smith (Calgary West): My great difficulty is that all my forensic life—for the benefit of some of you chaps who do not practise law, that means a blow-hard fellow who talks a great deal—in the courts, I have been subject to a control almost equal to that exercised by you, sir. In so far as I am concerned, I am more controlled by what you think than by what you say. You and I have never had a bit of difficulty since this House of Commons opened a short time ago.

Telepathy is a great thing. I am not a telepathist, but I think you are because, you know, we have been talking about these rays, and that sort of thing. All I need to do is look in that direction, I do not even have to look at the Speaker. Something emanates from him that tells me I am wrong. As a matter of fact, I think it is starting about now, so I shall not go very much further.

Mr. Speaker: Order.

Mr. Smith (Calgary West): You know, Mr. Speaker, I mean every word I am saying about you.

Mr. Speaker: Order.

Mr. Smith (Calgary West): I did not know that word "order" was automatic. Apparently I started something I did not intend to do. I think the inclusion of Newfoundland—I do not know how to pronounce it. We have seven members from that province, so we get seven pronunciations; none of them really knows how to pronounce it. It means that this is probably the last word we shall hear about it. We are going to give that province a lot more bonuses, but we went into this with our eyes open. I think it will be well worth everything which we put into it. I do say that it is perhaps the last sentimental link which unites this tenth new province with us, and makes it part of this country. I say, Mr. Speaker, what could be more fitting than our joining with them in this grand sentiment of the Red Cross, and through the Red Cross

to help the unfortunate wherever they may live, and irrespective of what may have happened to them.

Seriously, I believe that it is a link between us. For years and years we have read of the sentiment that binds us to the British commonwealth, or that new word, the commonwealth, if you like. Let no one, unless he be stupid—that is too harsh a word, let us say "dumb" because it is better understood by most people—unless he be dumb, dare contend otherwise than that sentiment is something which is stronger than bonds or steel chains in binding peoples together.

May I close, and it is only half past eight—

Mr. Rinfret: Another five minutes.

Mr. Smith (Calgary West): Let us make it another three minutes, and then we shall both be happy. These people have been quite generous to me, Mr. Speaker, in these interjections. You do not know how I appreciate them. I really love the original thinking that is behind the interjections which I get. My difficulty is with my hearing. I have not yet got one of those hearing aids, but when I get it I am going to share it with the hon. member for Broadview (Mr. Church) so that we shall both hear a little better and perhaps we shall both be greatly benefited as we go along. He is a man of prejudices and does not like them. I would wear them on both ears to hear anything that you say, sir, and particularly the intelligent and brilliant remarks that come from the opposite side of the house. And if I were in a tough spot I would need only turn to these gentlemen, these hon. gentlemen, on my right. May I say, sir, that I use the word "honourable" in its very best sense because I know of no one who is able to pronounce the word "carried" just the way they do.

Some hon. Members: Carried.

Mr. Smith (Calgary West): I am glad to have the desk-thumping so ably led by my very great friend and great scientist; but he told me he was going to do that, and therefore it is just an arrangement between him and myself. He nods his head in approval. What I said was completely untrue so he and I stand on the same basis. I know that, because anyone in this house who speaks untruths is doing something which is quite beyond parliamentary language. I said a moment ago that I spoke an untruth. I immediately withdraw the statement with respect to myself and hope that I shall not be penalized by having myself named and expelled again from this august assembly.

I am closing with this one remark. We have Newfoundland coming in. They want to own more property. The blood banks in the province and in the city in which I live, which are operated by this Red Cross Society, are in my judgment the greatest single contribution to human effort for the saving of life and the relieving of pain that science has yet developed, if it were for nothing else. Remember, in all these various communities they need properties in which these blood banks can be carried on. It cannot be done without it. It is an enlargement of the activities of the Red Cross which we knew nothing about just a few years ago. Therefore the bill introduced by the hon. member for Mount Royal, that 200-foot hill they have in Montreal, is a splendid thing, a splendid contribution to decency and efficiency in the relief of pain and suffering.

May I close, as I began, by complimenting the hon. member, who is a new member, for taking the interest which he has in this matter, and permitting us, unanimously I hope, to agree with every line that he has put into the bill. It is but the expression of human kindness, of human decency from all of us, and I hesitate to think of the attitude of mind of anyone who might oppose this noncontroversial and splendid objective which he seeks to promote.

Mr. J. H. Dickey (Halifax): Mr. Speaker, I am sure that we all agree with the words of appreciation which have been used in the house tonight with respect to the work of the Red Cross Society. I certainly am not going to take up the time of the house to repeat what has already been said several times, but I do want to say that it is my belief that this bill will be extremely effective.

As you know, sir, one of the purposes of the bill is to improve the transfusion service of the Red Cross Society. I am sure that at least three hon. members who have preceded me in this debate will recognize the very appearance of this bill on the order paper as a life-giving transfusion to their ailing filibusters.

Mr. Smith (Calgary West): What you need is an operation, not a transfusion.

Mr. Cruickshank: That is all right, I will give him plenty.

Mr. E. D. Fulton (Kamloops): I only wish that time permitted me to say all the things which I should like to have the opportunity to say in praise and commendation of the work of the Red Cross; but in view of the swift passage of time and the proximity of nine o'clock I regret that I shall not have the opportunity which I should like to pay my tribute to the organization whose principal act it is sought to amend here tonight.

The hon. member who has just spoken seemed to confuse the issue. I rather felt that, instead of the word "transfusion", had

he used the word "translation" he would have been closer to the principle involved in the bill before us; because, as I understand it, we are faced with the necessity of finding in the French language words adequate to express what we say in the English language with regard to this great organization whose bill is before us this evening.

With practically everything that the hon. member for Calgary West (Mr. Smith) has said I find myself in complete agreement. Indeed, I am lost in admiration, Mr. Speaker, of the brilliance, the erudition and the well balanced mentality of the graduates of the Methodist college, so different, if I may say so, from the graduates of other institutions of learning whom occasionally we hear condemned in this house.

Mr. Smith (Calgary West): I hope the hon. member will permit me to say that I am the only continuing Methodist in Canada.

Mr. Fulton: Mr. Speaker, I am delighted to permit the hon. member to say that; but I think he will permit me to say that, from whatever institutions of learning one may be fortunate or unfortunate enough to have graduated, when we in this House of Commons are brought face to face with a bill in support of the Red Cross Society those petty differences which we may have had in the past, and not only those, but the major differences which may have divided us, disappear, and we are united in the tribute which we wish to pay to that particular organization.

No words, Mr. Speaker, are adequate to express the admiration which we have for the work of the Red Cross Society. I recall the floods in British Columbia last year; I recall the work which the society did during the war years. I recall not only the major disasters of war, famine, flood and pestilence, but also the minor disasters where perhaps just one family was involved, perhaps a fire had levelled a humble dwelling to the ground and one family's lifework and life's saving had been wiped out overnight.

In a nation of 13 million people, all too often unfortunately the suffering of one single family is lost sight of, even by those great and beneficent agencies set up under our Department of National Health and Welfare, and under our provincial welfare departments. Even to those departments, working on a grand scale, the suffering of one individual or one family may be overlooked—not deliberately, but accidentally. But this never happens to the Red Cross. I have yet to hear of a single case where the sufferings of an individual or a family have been overlooked by this organization.

Canadian Red Cross Society

The Red Cross is but the expression of that great and welling charity, and the desire to do good and to bring relief to our fellow human beings, which exists in the hearts and souls of all people. However, while we all may have that desire, we do not always know in what way it can be manifested, or in what way we can best apply those sentiments which exist in the breasts of all of us. The Red Cross organization exists as a means through which we can translate into practical action the best and finest sentiments in our hearts.

For that reason it is my pleasure to support the principle of this bill and to congratulate the hon. member on the other side of the house who has the distinction and honour of having moved second reading. I take special pleasure in supporting the bill, because in my own community I have gained considerable knowledge of the work of the Red Cross Society.

Mr. D. A. Riley (Saint John-Albert): Mr. Speaker, it is indeed a pleasure and privilege to say even a few words in support of the bill introduced by the hon. member for Mount Royal (Mr. Macnaughton). I have had a great deal of experience with the Red Cross Society, particularly as it operates in the constituency of Saint John-Albert, and more particularly in the city of Saint John. Any legislation which will enable this society to broaden the sphere of its activities is one well worthy of the interest of this house.

During the war Canadian Red Cross Society units in Saint John did a tremendous work. Even after the cessation of hostilities it has not slackened its efforts in any way. In every case of suffering, Red Cross workers are first on the scene.

I should like to recall an incident which occurred a couple of years ago in the county of Saint John when we were unfortunate enough to have a rather serious forest fire. One morning at eleven o'clock, urged by the Red Cross workers, hundreds of housewives, office workers and professional people dropped their tasks and rallied to the support of the men who were working day and night to keep the fire away from their homes.

I speak of this only as an instance typical of the splendid work carried on by this great humane organization, which rallies under the banner of the red cross to relieve suffering wherever it is to be found.

I am sure hon. members are most anxious to give second reading to this bill, and I commend it to their best consideration.

Mr. P. E. Wright (Melfort): Mr. Speaker, I do not wish to talk this bill out, so in what I wish to say I shall be brief. I feel however

that as a representative of one of the northern constituencies of western Canada, where a great part of the work of the Red Cross is carried on, I would be remiss in my duty if I failed to say something concerning that work.

I know that in my own constituency when the boys came back from the first world war, and settled in little settlements forty miles or so from the nearest town or hospital, the Red Cross were the first to go out and establish outpost hospitals to serve those boys, just as they had served them during the war.

Since that time they have continued to do that work, and to follow the settlements back into the northern parts of the western provinces. May I say a special word in appreciation of the services of the nurses who have gone out to those outpost hospitals and in many cases served three, four, five or ten years in them, far removed from the cities, and lacking many of the amenities of life. Yet they have given a service to the community where there was no doctor, and very often great hardship—travelling at night by dog-team or perhaps by sleigh, and acting so as to serve the community in which these outpost hospitals were situated. These nurses deserve a special word of tribute from members of the House of Commons, and it gives me pleasure to tender it. May I commend the hon. member for Mount Royal upon having brought this bill before the house. I am sure it will receive unanimous support.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish briefly to express my support of the bill and in a few words my appreciation of the work the Canadian Red Cross has done throughout the years. Like the hon. member for Fraser Valley (Mr. Cruickshank) my first direct contact with this organization was in the first world war. There I had the opportunity to appreciate the great work it did among the troops overseas.

I must confess that I always consider I owe the Red Cross a debt of gratitude, because it was in a Red Cross hospital that I first met my wife.

Mr. Cruickshank: Hear, hear; that was the best break you ever had.

Mr. Herridge: Realizing the work the Red Cross Society had done among the troops overseas, upon my return from overseas I had my first opportunity to see it in action on the civilian front. I remember well the immediate response of this society to the Halifax disaster. In British Columbia I had the opportunity to serve on the committee which organized the campaign for the Red Cross in the southeastern section of that province. Since that time through the years we have seen it working in the outpost hospitals mentioned by the hon. member for Melfort (Mr. Wright). May I add that in my own constituency there is a small Red Cross hospital serving an isolated district, and doing very effective work.

May I pay tribute to the people who serve those hospitals and who at times carry on their work under difficult conditions. In the second world war the Canadian Red Cross repeated its great work, and since the close of that war has continued to carry on in the civilian field, particularly in connection with shipments of food, drugs, medical supplies and other commodities overseas which, I understand, in one year exceeded a value of a million dollars. This is a great organization with over 900,000 senior and 800,000 junior members, and with a budget of $5 million for 1949. These figures alone indicate the great support the Canadian Red Cross Society receives from the Canadian people, and the appreciation of the work it has done, is doing, intends to do and will continue to do.

I am pleased to see the sponsor of this bill receive congratulations from hon. members, and to see the house express such unanimous support of the bill and the work of the Canadian Red Cross Society.

Mr. D. S. Harkness (Calgary East): Mr. Speaker, I should like to take just a few minutes to express my wholehearted approval of this bill and of the work of the Canadian Red Cross. I should like to compliment the hon. member for Mount Royal (Mr. Macnaughton) for introducing this bill. I congratulate the government and hon. members of the house upon giving unanimous consent to permitting it to be considered at this time. I assure the house that I shall not prevent its passage by speaking too long.

One can only speak of an organization as he comes in contact with it in his own community. One of my chief contacts with the Red Cross in Calgary has been through its blood bank. The work they have done in that regard in Calgary is sufficient to enlist the support of anyone who has the general welfare of his community at heart. I have come in contact with the work of this organization through an extremely good friend of mine, Mr. Hugh Farthing, who has headed the organization in Alberta for the last two years. The work done by this organization and the time that numerous citizens of Calgary and Alberta have devoted to furthering its interests are added reasons why this bill should go through.

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

Sections 1 to 3 inclusive agreed to.

Bill reported, read the third time and passed.

PRIVATE BILLS

ALBERTA NATURAL GAS COMPANY

The house resumed from Friday, December 2, consideration of the motion of Mr. Maybank for the second reading of Bill No. 66, respecting Alberta Natural Gas Company, and the motion of Mr. Fulford: "That this question be now put".

Mr. G. A. Cruickshank (Fraser Valley): Mr. Speaker, I had not expected to be called upon to speak tonight but my good friend, the hon. member for Mount Royal (Mr. Macnaughton), came to me this afternoon and asked if I would defer in his favour. I referred him to Your Honour. I think hon. members will agree that no matter before this house has been more worthy of consideration than the one we have just been discussing.

I have not much time to speak tonight. All I shall probably have time to say this evening is that, since I have had the honour and privilege of being a member of parliament, in my opinion there have been two bills which have been all-important to my riding, to my province and to Canada as a whole. The one was the bill that provided for reinforcements for the troops overseas and the other is this present bill.

I sincerely believe that. I appreciate the sincerity of those who disagree with me, but I think they should credit me with the sincerity of my beliefs in the matter.

On motion of Mr. Cruickshank the debate was adjourned.

Mr. Speaker: The hour for private and public bills having expired, the house will resume the business which was interrupted at six o'clock.

SUPPLY

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

MINES AND RESOURCES

172. Departmental administration, $365,500.

Mr. Stewart (Winnipeg North): Mr. Chairman, last February I brought to the attention of the house a situation where certain collaborators of the nazis had been allowed to enter Canada. The hon. member for Kamloops says "alleged collaborators." I have proof positive that they were collaborators of the nazis. Owing to the dissolution of the last parliament I could not continue the case which I was building up against one of them, Jacques de Bernonville. Several men were involved and perhaps I might refresh the memory of hon. members by giving in brief the dossiers I have and which are based upon official information given to me in certain returns brought down to the house.

Jean Louis Huc, who lived in the region of Saint Gaudens in France, was looked upon as the local recruiting agent for the dreaded militia of Vichy. He tried to use his authority to compel his subordinates to follow the directives of Vichy and was himself a member of the militia to whom he delivered weapons. He was sentenced by a magistrate at Toulouse to five years' imprisonment and national degradation for life. Sentence was passed in September 1945.

Julien Labedan was a uniformed and armed member of the militia who took part in operations against the maquis of Haute Savoie and unhesitatingly followed the orders of Darlan. He was sentenced to death at Toulouse during January, 1945, for treason.

Georges Montel, a doctor and surgeon, was appointed first assistant to the mayor of Annecy by the Vichy government and was an impassioned speaker for the cause of that government. He is reputed to have urged that war be declared against Britain and the United States. In 1946 he was sentenced to hard labour for life by the court of Haute Savoie.

Andre Boussat, another doctor, was found guilty of dealings with the nazis and sentenced by the court at Agen in July, 1945, to penal servitude for life. He was a moving spirit as well as an ardent propagandist for the militia.

Michel Seigneur, still another doctor, was a strong Vichyite and a member of the militia. He attended the school for militia leaders where his file stated that he was an "excellent element from every standpoint; among the first of his year; perfectly in his place." In March, 1945, he was sentenced to death at Poitiers. These men are now here in Canada.

There is still another and very much worse case. I refer to de Bernonville who worked with the Germans in north Africa and became military commandant of the Lyons area. As I said before, amongst his duties there was the identification of British and other allied officers who had been dropped into France by parachute and were subsequently caught. He was accused of having caused the death of many Frenchmen. In February of this year I partially placed upon the record the sworn testimony of Maurice Nedey who had been tortured by de Bernonville, but my time

expired before I could complete the statement. I may say now that Nedey was sent to Buchenwald camp and most fortunately escaped from there. A member of the house in the previous session, the member for Charlevoix-Saguenay, who I believe was counsel for de Bernonville, took exception to the things I said and he answered me on February 24, 1949. I am not going to take the time of the house to answer him, but I can assure hon. members many of the statements he made were quite inaccurate. I can only point to his allegation that according to the French ambassador ninety per cent of the maquis were communists. He stated the French ambassador said that, which is certainly not the case. He mistranslated a telegram, and he was responsible for other misstatements which can be proven. In approaching all these charges he implied that I was necessarily a sympathizer with communists, or communism. I repeat now what I said very bluntly before, that the man who thus accuses me, or any other members of my group in the house, is either a liar or a knave, and in all probability both. He accused me of harbouring sentiments against French people because I opposed the entry of these collaborators into Canada. That also is not true because when the government of Canada placed French citizens on exactly the same basis as any other individuals coming to this country, we were amongst the first to welcome this move. Even more stupidly I have been accused of anti-Catholicism because I opposed the entry of these men to Canada. I think my record in the house and outside of it will prove that I have no intolerance of any group because of race or religious belief. Such a concept is anathema to me. I do not know the religion of these men. All I know is their political records, and it is solely on the political basis that I oppose them.

I should point out, however, that when de Bernonville was sentenced to death it was not, as the member for Charlevoix-Saguenay said, when there was an alleged reign of terror in Toulouse in 1944. He was sentenced to death in October, 1947, when the premier of France was Mr. Paul Ramadier, and the minister of justice was Mr. Andre Marie who, if he were in this House of Commons, would feel perfectly at home in the ranks of the Conservative party.

I am told that once again a board has been set up to consider the de Bernonville case. I do not know whether or not that is so, but I should like to produce certain other evidence I said I had. I am not going to read it all, but if the minister does not have copies I shall be very happy to supply him with these statements. There is one given by Julien Lessaque which reads:

I, the undersigned, Lessaque, Julien, commandant at Givry (Saone et Loire) attest that my brother, Lessaque, Jean, twenty years of age, from Rosey, Saone et Loire, belonging to the Cruchand Maquis took part in the battle with his group on June 12, 1944, with the occupants of Givry. He was wounded and captured by the militia stationed at Cortiamble, a suburb of Givry, under the command of de Bernonville. He was questioned and tortured and while in prison at Chalon, he managed to send me word. This paper was sent to the commandant of Chalon and Saone and was never returned to me. On July 18, 1944, I learned that my brother had been shot by the Germans. I am sure that my brother had only as his object to fight the aggressor and to liberate the country. It is therefore de Bernonville who is entirely responsible for his arrest, tortures, and his death. I truly hand over this present attestation in order that it may be put on the file of this unworthy Frenchman.

It is signed at Givry on November 23, 1948. I shall only read one other. There are others if the minister wishes them. This one is written by one Madame Bonnet whom de Bernonville made a widow. It reads:

I, the undersigned, Vv. Bonnet, Maurice, declare under oath having been arrested on May 31, 1944, by a group of militia men who were at Chalon-sur-Saone under the order of commandant de Bernonville. After having been closely questioned at the hotel Moderne, I was taken to the prison of Chalon-sur-Saone. I admit that they were not looking for me but for my husband as being a member of the resistance and who had just escaped them. I was to be released on June 24, as my husband was arrested again on June 9 during a battle at Givry, Saone and Loire, together with militia men and a group of F.F.I. of whom he was the leader.

Very severely wounded by seven shots during this battle and taken prisoner, he went through terrible tortures, namely, hanged by the feet regardless of his severe wounds, then turned over to the Germans who left him forty days in the Chalon prison without any care and shot him on July 18 with one of his men (Lessaque) who was arrested with him. I add that de Bernonville was perfectly aware of the tortures inflicted by his men on the French he ordered to arrest.

That is signed by Madame Bonnet at Chalon-sur-Saone on November 21, 1948. As I say, there are many other instances which I could give to the house. But now I want to point out that one, Jean Bonnel, a resident of Montreal, said that de Bernonville was one of the heroes of France and instead of sending him to his death we should kiss his feet. He added these words:

I will do everything to keep de Bernonville from being delivered to the present government of France, a government of cretins, assassins and bandits.

One who is now a member of the house and also mayor of Montreal, Camillien Houde, stated that the deportation of de Bernonville would be "an iniquity". He went on to say:

This crying injustice—we can call it this infamy —cannot pass in silence.

We have other amazing declarations such as that of the judge of the court who, according to newspaper reports, said that he would ask the authorities at Ottawa to grant de Bernonville asylum in Canada along with his family. I think I might add to these testimonies that of Pierre Laval who was shot as a traitor in France. I will translate this very roughly. It is signed by Pierre Laval at Vichy and dated the 6th of July, 1944. It is to the effect that de Bernonville was becoming energetic in the militia. He proved on numerous occasions his ability to maintain order in Haute Savoie and distinguished himself in the way he defeated the maquis in certain engagements, details of which I have already given to the house.

I do not think there is any argument at all for the presence of de Bernonville in Canada. I am informed that the government intends to press for his deportation, and I hope they will be successful in their endeavour. There is more to it than merely the matter of de Bernonville. There is also the matter of statements which were made last year by ministers of the crown when this whole most obnoxious business was first exposed. The then minister of mines and resources declared in public that these men had been screened, and that they were accepted as being proper applicants for entry into this country. He was seconded in his statements by the then acting prime minister, who is now the Minister of Trade and Commerce. Both of these gentlemen said these men had been screened. I challenge the accuracy of that statement because it was not true. If it was true then the screening was most incompetent. What was even worse and more unbelievable was the suggestion that these men had been screened by officials of the department, and that therefore these officials were responsible for their entry into Canada by consenting to their coming here. That was entirely untrue because the officials of the department had recommended that these men be deported, and the government overruled their recommendations and accepted them into Canada. The then acting prime minister went even further. He spoke of hasty trials. When any hon. gentleman is acting as prime minister of a country he has to be rather judicious in the remarks he makes about the courts of a friendly nation. The Minister of Trade and Commerce has all the finesse of a bull in a china shop when it comes to diplomacy, and he made an extraordinary mistake when he said that these trials had been hasty. Very shortly afterwards he was called upon by the ambassador of France who, after consultation with the minister, issued a statement. The following is the statement issued by the French ambassador:

> The ambassador pointed out that the persons in question, who have been condemned in absentia, were tried by French courts according to correct legal procedures and found guilty of major crimes. He further stressed that their concern for their honour should prompt these Frenchmen to go and appear before the courts of their country, where every opportunity of defending themselves would be given to them.

The acting prime minister, the Right Hon. C. D. Howe, issued the following statement:

> I have seen the communiqué of his excellency the ambassador of France. I am able to confirm that at no time since the end of hostilities has the French government presented any request for extradition to the Canadian government, nor would I wish to question the ambassador's assurance that the trials in absentia were conducted according to correct legal procedure.

Of course that puts a rather different complexion on it because, as has been pointed out, justice, as it was meted out in France, has been lenient. There were 160,000 cases of collaboration reported, not many when one considers the four years of occupation. Some 820,000 French citizens were deported by the nazis. Some 222,000 were killed during deportation, and 30,686 were shot in France by the invaders. So far as French justice is concerned, of the 160,000 cases there were only 5,500 death sentences, and only 791 carried out. I do not think there can be any aspersions cast on French justice in that regard.

The Prime Minister also said, as one might expect in the light of cabinet loyalty, that he agreed with the regularizing of the entry of these nazi collaborators, and he said:

> I am satisfied with that. In my judgment that should be final.

"Final" only in the judgment of the Prime Minister, Mr. Chairman. There are certain questions which I wish to ask the Minister of Mines and Resources. The first one is whether he can tell me the composition of the tribunal which has been appointed to consider the case of de Bernonville. Following upon that, I should like to know if the minister has any information about the trail of Michel Seigneur at Limoges in France.

Mr. Croll: Mr. Chairman—

Mr. Stewart (Winnipeg North): I wonder if I might have my questions answered first.

Mr. David A. Croll: Mr. Chairman, I should like to commend the government for the job it has done in the field of immigration since the end of the war. In 1946 we were the first overseas nation to establish a mass immigration program from the displaced

persons camps. We were pioneers in that field. We were the first from the new world to extend our hand to those unfortunates who were then rotting in the camps. We organized teams consisting of immigration, labour, medical and security officers who travelled from camp to camp recruiting, examining and processing. We procured transportation for displaced persons when it was very difficult to obtain. Two years later we were followed by the United States. To date we have welcomed 90,000 immigrants to Canada, and the United States with her vast population and resources has only taken in 120,000. In the light of these figures I think we can be very proud, and we can give credit where credit is due.

I want to say a word about the man who carried the administrative burden, the director, Mr. A. L. Jolliffe, who will have retired before we return for another session. He has been a great public servant who has spent thirty-seven years in the department during which time he has carried a very heavy load. It has not been an easy department because it deals with human beings. Many times it was an adjunct of some other department, and the immigration policy was not too clear. He has been an excellent administrator with a very penetrating mind, and has helped to carry out this country's achievements and objectives as to immigration. Many of his problems have been human problems, and he has brought consideration and understanding to them. He dealt with them in a fine warm-hearted manner as an honest man would. I think all members of the house will wish him well indeed.

I am happy to call the attention of the house to another matter, the attitude of the government with respect to those who have ventured across the Atlantic on their own. I think this house knows that in August of last year a movement was commenced across the Atlantic from Sweden to Halifax, first by a motor vessel called the *Astrid*, carrying 29 Estonians, which was followed by nine other small vessels bringing a total of 987 persons, of whom only twelve have been refused admission to Canada. Recently another attempt was made by the S.S. *Victory*, which is now in Cork, Ireland, carrying 372 passengers, who are being inspected and cleared there. These refugees were people running away from oppression. They came to our shores seeking freedom and opportunity, and we generously admitted them. They were modern Vikings who demonstrated their desire for freedom in a way most of us are incapable of. The cost of this movement was considerable; we had to feed, transport and maintain them, and the government spent almost $150,000. In admitting them the government has placed humanity above regulations, and I think it should be praised for so doing. Canada has need for such bold and enterprising people, and the department has done the country a great service.

The news that a Department of Citizenship and Immigration is being set up is most welcome. I think it is a proper recognition of the relationship that exists between citizenship and immigration, and of the long-term importance of immigration to this country. It is also, I hope, an indication of a larger and more vigorous immigration policy in future. I am heartened by the words of the right hon. Prime Minister on Friday, December 2, at page 2596 of *Hansard*, when he said:

> There is a probability that there will be an increasing number of persons admitted as immigrants into this country to share with us the advantages and responsibilities of developing the resources of Canada.

At another point on the same page, he said:

> It is my view that our experience in that respect has demonstrated that, while it was principally on humanitarian grounds that these people were admitted to our country, they will ultimately prove that the bread we cast upon the waters is returning to us.

So, after a generation of inaction with an immigration policy which was tantamount to a non-immigration policy; after a generation in which the once important department of immigration dwindled almost to extinction; after a generation in which almost as many people left Canada as came to Canada; it has been heartening to see a new tide of immigrants coming to our shores. Those of us, and our number is increasing, who believe that large-scale immigration is the lifeblood of a young, vigorous nation, are gratified that the government has admitted more people to Canada in the last four years than it did in the whole preceding 14 years.

The latest figures indicate that Canadians are now staying at home. The border has lost its lure. We might ask what has suddenly happened in Canada? I wish to give this house five potent reasons that have fired the imagination of young and old in this country; they are the main reasons why Canadians are staying at home today. I remind this house, first, of Chalk River, with its scientific research; Polymer, with its great engineering advances; the western oil fields, with their liquid gold; Labrador, Ungava and Quebec, with their iron ore; and the Northwest Territories, which is an empire all its own. Truly, the twentieth century belongs to Canada. Those are frontiers that have, as yet, been unscratched. The natural resources are almost limitless.

The need for people is still with us. This great war has swelled the post-war wave of immigrants, but there is still plenty of room for more. Those who came to us have become part of the Canadian mosaic. They have enriched our economy and our culture, contrary to all predictions. As I have already stated, they have remained here. Is it any wonder that we should want more of them? When we look about, we find that the sources of immigration are drying up. With the exception of the countries on the western fringe of Europe, Russia has closed the continental door in our face. No one goes in, and no one comes out.

In Britain, the traditional source of much of our immigration, we find her economy so depleted she has taken in great numbers of them, too. Faced with that situation, we must revise our standards considerably if we want to retain our present healthy level of immigration. If the flow is dwindling, we must open the sluice wider. We have recently heard the news that immigration this year is falling far short of our figures for last year. The figure for 1949 is one-fifth less than for 1948; I think that is a serious situation, because that is one import upon which we cannot afford to cut down. People have always been our most valuable import. Unfortunately, many countries have had to establish a form of export control on people, and that is one reason for our falling immigration figures.

There are several solutions to this problem. The first is to extend the degree of relationship which renders immigrants admissible to this country. This is badly needed. At present, the regulations authorize the entry of certain categories of relatives, extending as far as unmarried nephews and nieces under the age of 21 years. Yet, the fact is that in four years we have drained that valuable field and also of mothers, fathers, brothers, sisters, nephews and nieces; they have nearly all been spoken for. There are still many who want to come to Canada, and who would make good and useful citizens, but who fall outside the present categories of relationship. I do not believe there is one member in this house who has not had at least one heart-breaking case brought to his attention, and has been told that nothing can be done.

I ask this house, by what stretch of the imagination is a nephew 25 years old less desirable as an immigrant than his younger brother of eighteen? He is still excluded, however. Why should we admit a niece, but not a cousin? Why may a single man come in, yet we exclude married couples. I believe these categories are unrealistic. They should be abolished. If they cannot be abolished immediately, they ought to be abolished progressively. We could abolish them by gradually expanding the right, first to married nephews and nieces over 21 years of age; then to cousins, and then to any degree of relationship.

I think the test of admissibility to this country must be twofold. First, is the immigrant a useful citizen; and second, is there someone in Canada who will accept responsibility for him, who will guarantee accommodation and maintenance until he becomes self-supporting. Then, providing they are in good health, physically and ideologically, they should be encouraged to come to Canada to build new lives here. A second solution is to attract settlers from countries which, in the past, have sent us many fine Canadians. We want settlers from the British isles; of course we do.

An hon. Member: Scotchmen.

Mr. Croll: There are none better. Then, of course, we can look at Scandinavia, Holland and France. I was thinking particularly of Italy, a land which, to my personal knowledge, has supplied us with some of our best citizens. Today Italy is a great reservoir of manpower, yet the Department of Labour Year Book indicates we have only brought in 250 Italians since the end of the war. They were immigrant workers, such as terrazzo workers, and stonemasons. Italy is a country that has always been overcrowded, lacking resources. Her economy is reduced to a point where she must export people, if she wishes to achieve any kind of stability. This is a great opportunity for us, and we cannot afford to miss it.

Italian settlers have come to Canada since the turn of the century. They are sober, hard-working people who have made a worth-while contribution to this country. The Italian settler fits in any place. He is a farmer, artisan, merchant and worker. When he comes to Canada, he comes here to stay. Canada has never been his half-way house. He is a permanent acquisition, and a very good one indeed. Today there are thousands of skilled and unskilled prospective settlers in Italy, who seek nothing better than an opportunity of coming to Canada. We, in turn, need them as much as they need us. Our absorptive capacity in this country has not even been scratched.

I should like to see this government mount a full scale immigration scheme, designed to draw us the best type of settlers from Italy and other free European countries. Our immigration service in Europe is now functioning, and functioning very well. I think they can handle a much larger flow than is at present passing through their office. We have helped a great deal to reduce the dis-

placed persons population in Europe. Now I think we should turn to that portion of Europe's people who are not displaced persons and give them an opportunity to qualify for entry into Canada. We can do that best by expanding the classes of people who are admissible and by vigorously going after the very best type of immigrant.

I think it is highly significant that in our history periods of national prosperity and high immigration have usually coincided. I am not trying to propound the theory that prosperity causes immigration or vice versa, but I do believe that immigration and prosperity stimulate each other. A glance at the last four years would affirm it, and a look at our past history would reaffirm it. Our post-war immigrants have brought to this country brains and skills. They have founded scores of industries and have given employment to thousands. If we are to continue to grow in this country, if our national income is to continue to increase, if our prosperity is to last, we must have more people; we must have more customers and we must have more consumers and we must have a larger internal market. I plead again with the government and with the department to continue to stimulate immigration in this country. It is my firm belief that we must have more Canadians. In order to have more Canadians we must have more immigrants.

Mr. Stewart (Winnipeg North): The minister has not answered my questions yet.

Hon. Colin Gibson (Minister of Mines and Resources): The question the hon. member asked was first of all about the composition of the board that will consider the de Bernonville case. The board is arranged for. It consists of members of the department. It is not customary to give their names, as we do not want to have their names announced until the hearing actually takes place. Counsel has been appointed and the board hearing will be started as soon as the counsel is ready to proceed with the case.

My hon. friend also asked whether we had particulars of the trial of Michel Seigneur. I would say that details of that kind do not come to my department; they go to the Department of Justice where any screening is arranged for, but we do not ourselves have the particulars of those files.

Mr. Stewart (Winnipeg North): Can the minister tell me where we can get the information contained in the sessional paper I have here, 61-H. I presume this did not come entirely from his department but from other departments as well.

[Mr. Croll.]

Mr. Gibson (Hamilton West): That was before I was in the department. I understand that was an order for return, and papers for that are supplied by all departments.

Mr. Stewart (Winnipeg North): The reason I ask is that I have information that Seigneur was accused and condemned for having been an inspector general of the Waffen S.S. I should like to remind the minister of this. In the last parliament seventy-nine days elapsed before this order for return, 61-H, came down. Seventy-nine days elapsed and I got it the day before the house dissolved. The government has beaten that record now. Since the notice of my question and the order for return was passed on de Bernonville over eighty days have elapsed and I do not have the information I should like to have. Nevertheless I was given certain information, certain transcriptions of evidence of the courts in France about these individuals. I have the transcript of the court of appeal about Seigneur. What I should like to know from the minister is whether the record of the trial at Limoges is in the possession of the department.

Mr. Gibson (Hamilton West): I do not know anything about it. The question has not been raised with me since I have been in the department. I have not looked into it. I do not know anything about the papers. If the government has any they are not in my department.

Mr. Stewart (Winnipeg North): This is a serious matter. Here are men whom I accuse of being nazi collaborators. The minister knew I was going to bring up this matter. I would have thought that he would have made himself fully conversant with it, and would correct me if I am wrong or agree with me if I am right. I cannot find out this information about Seigneur at the moment. Therefore I pass on the information which I have here. I say that this man, whose entry into Canada has perhaps by now been legalized, was sentenced to death for being an inspector general of the Waffen S.S. I am talking about Seigneur now. All these men came into Canada on false passports, on forged passports. I should like to know what sort of security existed to allow them to come here when obviously they could have had no background but names which were assumed. Were they smuggled in?

Mr. Gibson (Hamilton West): Mr. Chairman, the cases that have been referred to were considered some time ago, before I was in the department. I understand that they were carefully screened at that time and the decision was made that they would be permitted to remain in this country. Since

then I have not heard from the hon. member that he had any further evidence that he wished to have considered, and certainly since I have been in the department I have not even looked at their files because the matter had not come up.

Mr. Stewart (Winnipeg North): I am not quoting the evidence now. I want to know how these men with false passports were screened. How could they be screened? The minister must know because evidence has been read into the record that his department officials and security officials recommended against their staying in Canada. He knows that. If any decision was made it was purely a political one, I assume at cabinet level. The minister ought to know something about that. While I am not accusing him the government must assume the responsibility. How were these men cleared by security if they had false passports?

Mr. Gibson (Hamilton West): Mr. Chairman, the fact that a person had a false passport does not conclusively prove that he is not a desirable person to enter this country. For example, people have escaped from other countries and come here and landed without any passport at all. They have had to be examined and screened to find out what their background was. If they were approved, they were allowed to stay. If they were not approved they were of course deported.

Mr. Smith (Calgary West): By whom?

Mr. Stewart (Winnipeg North): Department officials and security officials recommended that they be sent back. They came into this country on false passports. We have been told that they were screened. How could they be screened? Yet I am told they were screened. They came in here with false passports, under false names. They could have no background at all. What sort of security is there? I know that there is security, and I have no objection to it. I think it is competent, but now I am told that these men were screened. I say they could not have been. Will the minister please be a little more specific and tell me how people with false passports and with false names could be screened. I want to know how that is done.

Mr. Gibson (Hamilton West): Mr. Chairman, the screening is done through the Department of Justice. We send to the Department of Justice any cases on which we require information. They have methods of securing reports on the individuals. If they are not satisfied and they do not give a clearance the individual is deported. If they are able to satisfy themselves and give a security clearance, then we are at liberty to admit them into this country.

Mr. Stewart (Winnipeg North): These men were screened by officials of the Department of Justice and they recommended against their entry into this country. A section of the immigration law says—I have not the exact quotation here—that they should not be allowed into Canada because they are not of good character. What was the reason for the decision to permit them to stay here? Were there extenuating circumstances? The government knows that they had been accused and convicted in France of certain crimes against our allies. What circumstances prompted the government to permit these men to stay here, knowing that they had come on false passports, knowing that they had deported seven Jewish people for exactly the same reason? What was the distinction between the seven Jews and these collaborators?

Mr. Gibson (Hamilton West): I understand the reason the Prime Minister gave when this matter was up in the house before was that all the circumstances had been considered, and thoroughly considered. That is, they had decided that some of the men who had been able to satisfy the authorities would be permitted to remain in this country, and those who had not would be deported.

Mr. Stewart (Winnipeg North): It is only right that we should know the circumstances, so that the names of these men can be cleared if they are not guilty. I have certain facts here which are damning. These are extracts from the trials appearing in sessional paper 61-H. The minister says there are extenuating circumstances, that there is something about the character of these men which I do not know, and which permits them to stay here. What were those circumstances, which were so important that they could override the provisions of the Immigration Act itself?

Mr. Gibson (Hamilton West): I cannot give the hon. member the information we have on confidential files. I can only say that the government at the time went over the material and decided that it would be justified in admitting certain ones and not admitting the others.

Mr. Stewart (Winnipeg North): All I am saying is that the minister has information which may redound to the credit of these nazi collaborators. In fairness to them, even allowing for any confidential files, he should make it public. I have put on record the case against them. The minister says he has

confidential information in their favour. I ask, in fairness to them: Why not present that evidence?

Some hon. Members: Carried.

Mr. Stewart (Winnipeg North): I would like to have an answer.

Mr. Smith (Calgary West): Just a word on this: I do not know the de Bernonvilles—

Mr. Stewart (Winnipeg North): I know what this silence means.

Mr. Gauthier (Portneuf): Oh, oh.

Mr. Smith (Calgary West): I notice great laughter over here to my immediate right over my mispronunciation of the French name. I am quite sure the honourable member—and I emphasize the word "honourable"—would not respect me much if occasionally I were to laugh at his English, something which I never have done in this House of Commons.

Mr. Gauthier (Portneuf): My hon. friend is mistaken. I did not laugh. He is absolutely out of order.

Mr. Smith (Calgary West): Then I accept what you say, and I was quite wrong—as I will accept the word of any other hon. member, particularly the minister. But I wish the minister to tell me this—

Mr. Gauthier (Portneuf): I would never do that.

Mr. Smith (Calgary West): Doctor, I have done everything I can. I wish to ask this: The hon. member for Winnipeg North tells this House of Commons that certain people were convicted of crimes in France against the allies and came to this country fraudulently —and that is the only word one can use. It was thoroughly fraudulent. Now someone in the government service, as he has said, against the advice of departmental officials has decided that these people convicted even of murder, if I heard him correctly, and I think I did—

Mr. Stewart (Winnipeg North): de Bernonville; the others are not accused of that.

Mr. Smith (Calgary West): In any event, they were in opposition to the allied cause.

Mr. Stewart (Winnipeg North): That is right.

Mr. Smith (Calgary West): We are now told by the minister that certain investigations have been made, and that after those investigations these persons have been admitted to Canada. So far as I am concerned, the minister's explanation is nothing at all. If the situation is that people can be admitted to this country against our laws, and the minister speaking for the government can then say, "We made an investigation and they are entitled to be here; but we will not tell you what that investigation was"—well, that is exactly the minister's position, and I say there is something not only rotten but thoroughly rotten in the state of Denmark, and even in the state of Canada.

Mr. Gibson (Hamilton West): Following up what the hon. member has said, let me tell him that in the last few months we have had refugee ships coming to this country from Sweden. They have carried refugees with not a document on them. May I ask him if he would insist that, because they have no documents on them, we should require that they be returned to the country from which they came?

Mr. Smith (Calgary West): Oh, no.

Mr. Gibson (Hamilton West): You said that.

Mr. Smith (Calgary West): I agree with you entirely. I read all about those people. They came in ships supposed to hold fifteen people, but sixty-five or eighty-five were loaded into them. But the people the hon. member for Winnipeg North is talking about did not come that way. These people came and threw themselves on our mercy—the people you are talking about who came in the ships. But the other people came with forgeries to back their admission. That is a different situation altogether. I said "forgeries" and I mean it —forged passports.

You may be right—and I hope you are right, because I like you; I like everything about you—but on the other hand do not permit yourself, Mr. Minister, to get into a position of concealing facts which began with fraud. I do not know anything about those people. But I do know that when a man enters this country on a forged passport, even though he may have come in a suite on the *Queen Mary,* he has no right to be here. He may be able to do that, even though he may have an excellent name—and I have forgotten this particular name. He may have a splendid name, or may be even a count. In those circumstances I think the hon. member for Winnipeg North is entitled to know what the facts are which permit you, Mr. Minister—and I say this with the greatest respect in the world—to set aside the law and to admit this person or other persons.

Mr. Gibson (Hamilton West): In the first place it was not I who set aside the law, as the hon. member has said. There was no law set aside by anyone.

Mr. Smith (Calgary West): An order in council.

Mr. Gibson (Hamilton West): I was not here at the time, but—

Mr. Smith (Calgary West): Forgive me; I was not speaking of you as an individual. I know you are far above the cabinet level, and that you would never break the law.

Mr. Gibson (Hamilton West): When it is suggested that because someone had a passport that is not in order, he must be a criminal, that does not follow. After the war, as is well known, European countries were pretty well upset and, in order to escape from the countries in which they were living, some people obtained any kind of document procurable. That circumstance did not condemn a man when he arrived in this country.

Mr. Smith (Calgary West): Agreed.

Mr. Gibson (Hamilton West): We then investigated their background. The result of the investigations was submitted to government authority, who decided that certain individuals should be allowed to remain in Canada, and others should be sent out. Naturally, the source of the information cannot be made public, and I cannot give the details of it.

Mr. Smith (Calgary West): I do not want the source; I want to know what they found.

Mr. Gardiner: They found they were all right.

Mr. Gibson (Hamilton West:) They found they were not collaborators who should be sent back.

Mr. Stewart (Winnipeg North): May I take it that a person who comes to this country, having been accused and convicted of a criminal offence in another country, a friendly country, is perfectly in order in coming here to stay? Is that not in violation of the immigration law? Does that law not say, in part, that these individuals must be of good character; and does not the minister know that these men were convicted of criminal offences in France?

Mr. Gibson (Hamilton West): No, I do not admit that they were convicted of crime. There were trials held in absentia. They had not a chance to defend themselves; and, although judgments may have been rendered against them, that does not prove they were guilty of crime or of the charges which had been laid against them.

Mr. Stewart (Winnipeg North): I point out that they had every chance to defend themselves—even asked to go back to France to defend themselves.

Mr. Gardiner: And you know what would happen to them if they went back, whether they were guilty or not.

Mr. Stewart (Winnipeg North): What would happen? May I put it the minister meant that these men would be liquidated if they went back to France?

Mr. Gardiner: One gets a bit tired sitting here listening to members who talk the way the hon. member is talking, and the way the hon. member for Calgary West was talking a few moments ago, suggesting that members of the government are not acting in accordance with the law. Anyone who has come from the old land, as my hon. friend has, knows that for ages the greatest refuge for political prisoners has been Great Britain. Great Britain never has sent anyone back to the country from which he came because of a political crime that might be charged against him and that might result in a sure sentence of death.

About the end of the war these men left Europe and came to this country. Every man who came to this country under those circumstances was properly screened. I have no hesitation in saying that as one of the members of the government I was responsible along with every other member of the government for the orders in council that were passed. Those orders in council took into consideration the fact that there had been a proper screening of these people in so far as we were able to screen them. We decided finally that some should remain here and that some should go back to where they had come from. I hope that all the decisions were made on exactly the same basis as British practice has made its decisions over the years, namely, that you do not send a man back to sure death at the end of a war because of political differences that may have existed in the country from which he came. If we made any mistakes, I hope we made them on the side of mercy.

Mr. Stewart (Winnipeg North): I can assure the Minister of Agriculture that I am completely tired of his irrelevancies; when he attempts to answer a question he skates around it in every possible way.

Mr. Gardiner: It is the only answer that could be made to the question and the only one which would agree with long-time practice in Britain or any other free democracy.

Mr. Stewart (Winnipeg North): The Minister of Agriculture has suggested that if these men go back to a friendly, democratic country which was and is an ally of ours and which will be an ally of ours again, they will be

liquidated. The French ambassador to this country has made it known quite amply and clearly that if these men go back to France they will get a fair and free trial. I have placed on the record tonight the number of death sentences which were carried out in France and which were less than one per cent of those convicted. I claim that these men had no right to come to this country, that they entered illegally and have been kept here illegally.

Mr. Green: I should like to ask a question with regard to the money collected from those people who came back on the exchange ship *Gripsholm* from the Orient during the war. I believe that comes under his department.

Mr. Gibson (Hamilton West): Would my hon. friend bring that up under the immigration item later on when the official will be here?

Mr. Green: The money was collected by the immigration branch?

Mr. Gibson (Hamilton West): Yes.

Item agreed to.

Special projects—

173. Director of special projects—administration, $29,235.

Mr. Black (Cumberland): What is this vote for?

Mr. Gibson (Hamilton West): This branch looks after any special projects that require extra services which are not provided by other branches of the department. Under this vote would come the eastern Rocky mountain forest conservation board and the international boundary commission.

Item agreed to.

803. To provide for investigations into the possibility of water storage on Mayo lake, Yukon Territory, and of hydro-electric developments on Mayo river, Yukon Territory, to serve the Mayo, Keno Hill, and Galena Hill districts, $50,000.

Mr. Black (Cumberland): I think we should have some particulars on this item.

Mr. Gibson (Hamilton West): Investigations are being made as to the power possibilities in the Mayo area.

Mr. Black (Cumberland): Is that in connection with mining operations?

Mr. Gibson (Hamilton West): There is a large silver lead mine up in the Mayo area.

Item agreed to.

Mines, forests and scientific services branch—

177. Mineral resources investigations, $1,598,850.

Mr. Hodgson: I think the committee should be given some information in connection with this item.

[Mr. Stewart (Winnipeg North).]

Mr. Gibson (Hamilton West): This vote provides for office, laboratory and field investigations relating to metallic minerals, industrial minerals, fuels and mineral economics.

Mr. Black (Cumberland): Is the department solely responsible for the mining operations in the Yellowknife district where there has been such development in the last three or four years?

Mr. Gibson (Hamilton West): Yellowknife is in the Northwest Territories which come under the dominion government. The department looks after that particular work.

Mr. Black (Cumberland): Is there a special appropriation for that?

Mr. Gibson (Hamilton West): It comes under the general appropriation.

Item agreed to.

Bureau of mines—

805. Maintenance of plant of Abasand Oils Limited, $85,000.

Mr. Black (Cumberland): These oil sands have been discussed in the house year after year and I think we should have an up-to-date report from the minister as to what the developments have been in the last year.

Mr. Gibson (Hamilton West): Abasand Oils Limited was wound up and during the period before it was finally wound up the company had maintained equipment and property on the location at a cost of $85,000. When the government took over the property it was felt that the company should be compensated for the maintenance costs incurred during that period.

Mr. Black (Cumberland): Have the tar sands operations been abandoned? On many occasions we have been told that these sands constitute one of the world's great oil reservoirs and it would be disappointing to know that these tremendous natural resources are being abandoned.

Mr. Gibson (Hamilton West): I would not say that the resources are being abandoned by any means, but the development has been suspended for the present. There has been such a tremendous development of cheaper oils that it is not considered advisable to go ahead with this development at the present time.

Mr. Black (Cumberland): What has been the total expenditure in the last ten years, say, or the total to date in connection with the development of exploitation by Abasand?

Mr. Gibson (Hamilton West): It will be in the neighbourhood of a million and a half dollars.

Mr. Murray (Cariboo): I would point out that the United States government is hard-surfacing that part of the Alaska highway that lies within the borders of Alaska, and the time might very well come when that portion within our own borders will be hard surfaced. In that case material from Abasand might be profitably used.

Mr. Harkness: When the dominion government ceased to support any experimentation in connection with the McMurray oil sands, in which this Abasand company was engaged, I believe the Alberta government continued to work on that project. As a matter of fact I understand that last year they spent between a half and three-quarters of a million dollars on it. I should like to ask the minister if the dominion government turned over to the province of Alberta any of the plant that was built there, or any of the data it obtained as a result of the four or five years of work carried on with dominion government funds.

Mr. Gibson (Hamilton West): The work carried on by the Alberta government I understand is being done further north. They purchased their own equipment, and the Abasand plant was sold.

Mr. Harkness: Was there any turnover to the Alberta government of information obtained as a result of the experiments carried on by the dominion government?

Mr. Gibson (Hamilton West): Of course our officials are in collaboration with the officials of the Alberta government on that work; but there was no turning over of equipment to them.

Mr. Harkness: In this case I did not ask about the equipment; I asked about turning over data and information.

Mr. Gibson (Hamilton West): Oh, there is the closest co-operation between the mines branches of the province and the dominion on all information that is obtained.

Mr. Harkness: The statement that there was the closest collaboration still does not answer the question. I asked definitely, was the information obtained as a result of these experiments at Abasand turned over to the Alberta government?

Mr. Gibson (Hamilton West): My officials tell me they know everything we have done up there and that we know what they are doing at the present time, because they do keep each other informed as to the progress of any work being carried on.

Mr. Harkness: I think the minister knows something about experimental work. One of the most important features of scientific experiments and that kind of thing is the data that is obtained as those experiments are carried on from day to day. My definite question is, was the data obtained during the operation of this plant turned over to the Alberta government?

Mr. Gibson (Hamilton West): I understand the province got all the information we had as a result of the work carried on up there.

Mr. Harkness: In other words all the records were turned over to them?

Mr. Gibson (Hamilton West): I do not say the records were turned over, but I say all the information we obtained was made available to them.

Mr. Black (Cumberland): Was this company which was exploiting or exploring the possibilities of these oil sands acting as the agent of the department? Is that the reason it was reimbursed for its expenditures?

Mr. Gibson (Hamilton West): Yes, it was financed by the government.

Mr. Black (Cumberland): Did it go there initially, in the first instance, as an agent of the government?

Mr. Gibson (Hamilton West): I understand not in the first instance, but the government did get behind it and helped finance it.

Item agreed to.

181. Forest research and investigations, $762,990.

Mr. Hodgson: Items 181 and 182 are closely related, and I believe the minister should give some explanation.

The Deputy Chairman: These items relate to forest research investigations and forest products research; and supplementary item No. 683 relates to forest research investigation as well.

Mr. Hodgson: These two items total well over a million dollars, and I think we should have some information about them.

Mr. Gibson (Hamilton West): This vote is for the advancement of forest conservation in Canada generally. It embodies essential research to obtain and disseminate basic data in silviculture, including growth, yield and cutting methods; fire protection and forest inventories, designed to produce the optimum use and development of our forest resources on the basis of continuous production.

Mr. Hodgson: Where is that work being carried on?

Mr. Gibson (Hamilton West): All over Canada.

Mr. Hodgson: There are not just one or two particular stations?

Mr. Gibson (Hamilton West): We have five forest experimental stations, and in addition we have forest products laboratories.

Mr. Low: Would the minister tell the committee what if any investigations have been carried on with respect to the use of a thinner saw blade in forestry work? The reason I ask that question is this. I am told that under the methods that have been pursued up to this time from 25 per cent to 45 per cent of the potential lumber in this country is being wasted in the form of sawdust, because of the very wide and heavy steel blades that have been used. In the course of the work of this branch could the minister tell us what investigations have been carried on in respect to the use of that very thin blade—I believe they call it Scotch steel—that has been used successfully in the north country, particularly?

Mr. Gibson (Hamilton West): In the coming year we are setting up in this branch a model sawmill to test and develop sawmill equipment, including blades and so on. During the past year we have had one of our officials over in Scandinavia looking at the equipment and methods in use over there, so he may be of assistance in that research work.

Mr. Hodgson: Could the minister tell us where these plants are set up?

Mr. Gibson (Hamilton West): The forest products laboratories are at Vancouver, Ottawa and Montreal. The forest experimental stations are in Alberta, Manitoba, Ontario, Quebec and New Brunswick.

Item agreed to.

183. Grant to Canadian Forestry Association, $4,000.

Mr. Murray (Cariboo): I should like to point out the valuable work being done by this association from coast to coast in Canada. I would also mention the work being done by Mr. James A. Vance of Woodstock, Ontario, who has given a great deal of time and much of his fortune to this particular phase of the conservation and improvement of our forests. We receive their publications in British Columbia from time to time, and the work they are doing is worthy of every consideration by this house and the various provinces.

Item agreed to.

Eastern Rockies forest conservation board—

184. To provide for the salaries and expenses of dominion members of the board and their alternates and sundry expenses in connection with the maintenance and operation of the Ottawa office of the board, $23,000.

Mr. Harkness: This particular project in connection with the conservation of the eastern slope of the Rockies I believe is one of the most valuable undertakings the government has initiated, and I should like the minister to tell us in a general way briefly what has been accomplished so far with respect to restoring the forest cover on the eastern slope of the Rockies, thereby conserving moisture and the flow of the streams which lead down to all the prairie provinces.

Mr. Gibson (Hamilton West): As hon. members know, this board which looks after the eastern slope of the Rocky mountains was set up by act of parliament. It consists of two representatives of the dominion government and one of the province of Alberta. The board receives funds each year from the dominion government, in addition to certain capital advances running over a period of six years. It is taking steps to conserve the slopes of the Rockies by providing roads and fire stations in that area, so the forests may be protected; it has power to make recommendations, and is responsible for the work that is being carried out.

Mr. Harkness: I know all that; I knew it when I asked the question. I asked what has been done, in other words what are the results? What roads have been built? What fire stations have been established? Just what has been accomplished in the year and a half or so this board has been in operation?

Mr. Gibson (Hamilton West): It is difficult to give all the details, but I can give a summary of some of them. For example, the contract work was confined to the main north and south road through the conservation board area, which with the exception of some thirty-one and a half miles has now been graded from Coleman, Alberta, to the southern boundary of the dominion forest experimental station in the Kananaskis river valley. The road is being built with a traffic surface twenty feet wide, the width of side ditches being additional. In high fills the road is being built twenty-two feet wide, to provide for sloughing and erosion. The New West Construction Company of Edmonton have completed 44·2 miles on their contract north from Coleman, at an average cost of $10,082 per mile. This figure only includes bridge work and bridge materials installed to the 14th November, and covers some thirty per cent of the bridge piers and abutments with no bridge superstructure being completed.

On the Kananaskis section, southerly over the Pocaterra summit the Assiniboia Engineering Company, contractors, have partly completed the grading of 31·5 miles at an average cost per mile of $12,812, which includes the

cost of all concrete bridge abutments and the material therein. No superstructure costs are included.

It is the view of the board on analysing these costs that at least $3,000 per mile has been saved on these grading operations by the award of contracts on a unit price basis for various items of work, rather than on a cost plus fixed fee basis.

Mr. Harkness: Do I understand from what the minister has said that all this board has accomplished so far is the construction of a certain amount of highway near Canmore, and the construction of a few bridges to the north, less superstructure?

Mr. Gibson (Hamilton West): No, I would not say that was the only work by any means. I would be very glad to let the hon. member have a list of what has been done in connection with fire stations and other bits of work that have been undertaken or that are in progress. I have not all the details before me, but I should be glad to let him have the list if he so desires.

Item agreed to.

186. Forest insects control board, $13,225.

Mr. Hodgson: In the details for this item it is indicated that this covers travelling expenses and temporary assistance. This would seem to represent expenses in connection with only one man. What is this item for?

Mr. Gibson (Hamilton West): It really covers the salary of an executive secretary and administrative expenses of the forest insects control board, including the salary of a stenographer and travelling expenses of members of the executive staff, as well as a per diem allowance to each member of the board except those who are employees of the dominion government.

Mr. Hodgson: Does the minister mean to say this is all that is being done in connection with forest insects control?

Mr. Gibson (Hamilton West): This is really an advisory body; the experimental work is done by the Department of Agriculture, in the entomological branch.

Mr. Graydon: They handle the termites there.

Mr. Gibson (Hamilton West): Yes. These expenses are met by our department.

Mr. Murray (Cariboo): May I just refer to the voluntary work being done by a great number of men who are interested in this phase of forest protection. I should like to mention the name of Mr. A. W. A. Phair of Lillooet, British Columbia, an entomologist who has given generously of his services and has not charged the government one cent for the work he has done.

Item agreed to.

Surveys and mapping bureau—

194. To provide for the payment of fees of the board of examiners for dominion land surveyors, of the secretary and of the sub-examiners and for travelling expenses, stationery, printing, rent, etc. (the fees of B. W. Waugh, J. E. R. Ross and J. L. Rannie, members of the board, and A. W. W. Cole, secretary, are to be paid out of this sum), $2,100.

Mr. Black (Cumberland): What are the total expenditures in connection with all these surveys, including geological surveys, mapping, topographical, and so on? We are passing items here one of which amounts to nearly $3,500,000, another to $1,200,000 and another to $1,130,000. These appear to me to be very expensive undertakings.

Mr. Gibson (Hamilton West): These are expensive undertakings. We have been doing a great deal of survey work trying to catch up with the work we were unable to do during the war. These include all types of surveying, geodetic, topographical, hydrographic, geological, and so on in various parts of Canada. During the past year we have had more parties out than for a good many years, in an endeavour to get ahead with the mapping of this country.

Mr. Black (Cumberland): When this surveying is done is it put on record and done forever, so it need not be pursued further?

Mr. Gibson (Hamilton West): It does not have to be done over again once it has been done in a certain area, unless it is a different type of survey. We are doing a great deal of air photography and mapping in the Northwest Territories over land that up to the present has never been properly mapped.

Mr. Gillis: I understand the minister's department has had a party in Nova Scotia for the past year or so making a technical survey of the coal resources of that province. I suppose that would come under this vote. I wonder if the minister is in a position to give us any information as to what progress is being made, and about how long it will take to complete that work. I am interested in this because it is rather important for our province, where coal is the basic industry and the old mines are running out. I am just wondering to what extent the department may have discovered new resources?

Mr. Gibson (Hamilton West): We have had two parties working in Nova Scotia, and we

intend to have four parties down there in the coming year working in co-operation with the Nova Scotia department of mines, in making a detailed stratographical map of coal deposits in the Sydney area; a one-mile geological map of the coal area in Springhill—there are two parties doing that. There is a continuous systematic geological map of Wolfville; a one-mile geological map of industrial minerals. I have not got a report of the results that have been obtained, but I shall be glad to ascertain what we have, and let my friend know.

Mr. Gillis: Is the work continuing?

Mr. Gibson (Hamilton West): Yes.

Mr. Black (Cumberland): What was the total expense for all these surveys?

Mr. Gibson (Hamilton West): I shall add that up.

Mr. Murray (Cariboo): May I point out the valuable work done on the Alaska highway by these surveys. They established the location of lakes, and other points along the route, making it possible for the surveying of that country for settlement.

Mr. Gibson (Hamilton West): The member for Cumberland asked for the total amount spent for surveys. During the last year, it amounted to $7,525,000.

Mr. Black (Cumberland): How many students taking scientific courses at the different colleges are allowed in each of these survey parties during the summer?

Mr. Gibson (Hamilton West): It is difficult to tell because the parties vary in size, but the students apply through the civil service commission. Notices are being sent to the various universities now, as a matter of fact, so the students can apply for appointment to the various surveys for the coming summer.

Mr. Black (Cumberland): Could the minister state the number of students that will be given an opportunity for employment during this coming season?

Mr. Gibson (Hamilton West): I understand it is in the neighbourhood of 1,000.

Item agreed to.

197. To provide for studies and surveys of the Columbia river watershed in Canada, $350,000.

Mr. Herridge: This item is to provide for surveys on the Columbia river watershed in Canada. Can the minister inform me how much has been spent to date on these surveys, and the reason for the $50,000 increase this year? When is it expected these surveys will be completed?

[Mr. Gibson (Hamilton West).]

Mr. Gibson (Hamilton West): The increase is attributable to two main causes: (a) the urgency for a decision with respect to flood control measures on the Kootenay and Columbia rivers following the disastrous floods of 1948, and (b) the increase of approximately 100 per cent in the unit costs of drilling operations. The investigations of the Columbia river basin, comprising 39,000 square miles, are designed to provide basic Canadian information necessary to plan future development of the water resources on an international basis for purposes of navigation, flood control, power development, irrigation, reclamation, fisheries, and conservation of wildlife and other purposes. Up to the present time we have spent about $1 million.

Mr. Herridge: Has the minister any idea as to when it is expected the surveys will be completed?

Mr. Gibson (Hamilton West): I understand a great deal of work has been done, but it will take about another couple of years to complete the work.

809. Geographical bureau—further amount required, $16,500.

Mr. Black (Cumberland): In connection with these supplementary expenditures, are they due to poor estimating or to extravagance?

Mr. Gibson (Hamilton West): As a matter of fact, our construction work proceeded rather well this year. We found that we got ahead in many cases, and instead of having the equipment drawn out during the winter and going to the expense of returning it, we have asked for a supplementary grant and have gone ahead with the work. I believe we will save money by doing that. In so far as the geographical bureau is concerned, the additional funds are for salary adjustments and new positions. Extra funds for field parties are required to reimburse vote 100.

Mr. Murray (Cariboo): Has the museum taken any steps with regard to further work in the Hope area—

Mr. Gibson (Hamilton West): That comes under the next item.

Item agreed to.

203. National Museum of Canada, $177,500.

Mr. Murray (Cariboo): In that connection, I hope the minister may be able to have the appropriations increased so that further observations can be made in the Peace river pass and elsewhere, for material which will be of value in the industrial and mineral development of this country.

Mr. Black (Cumberland): Has the minister any policy to announce to the committee with respect to the national museum of Canada?

All members recognize the importance of this museum. From time to time some information has been forthcoming concerning the necessity for expanding this building to allow for the display of exhibits which are stored there. I should like to hear what policy the minister has.

Mr. Gibson (Hamilton West): There is one policy we have adopted. During the war a lot of the museum space was occupied by offices. We found that it was quite difficult to display a great many of the specimens that had been brought in. We have now been able to move out some of the departments, and we hope to have more space available to display the many specimens that have been secured, but which, previously, we have had to hold in the crates.

Mr. Murray (Cariboo): In the Peace river pass there are the footmarks of dinosaurs in the sandstone. I believe it would be proper for them to be recorded in casts, which could be displayed in the museum here. They would tell of the very early history of our country.

Mr. Knowles: Will the minister explain the rather large increase in the amount requested under the heading "Printing, stationery, and office equipment" for the National Museum. The item we now have before us amounts to $20,700, and there is a supplementary item for $22,000, making a total of $42,700. The amount voted last year was $12,000.

Mr. Gibson (Hamilton West): Yes, the increase in the printing bill is to provide for the printing of about 7,500 copies of a bulletin in two volumes on totem poles, prepared by Dr. Marius Barbeau. I understand it is one of the best publications on this subject ever put out.

Mr. Knowles: That is not costing $30,000?

Mr. Gibson (Hamilton West): He is a former member of the staff of the national museum. Funds were not included in the main estimates, as it was not expected that the manuscript would be completed in time for publication this year. The manuscript is now ready, and publication is desired as soon as possible. It is proposed to set a price of $5 per copy, that is, $2.50 for each volume, and it is expected that the cost of the publication will be more than recovered in a short time, as a heavy demand has been foreseen.

Mr. Knowles: How much of this is for the publication?

Mr. Gibson (Hamilton West): $23,000.

Mr. Knowles: What is the status of the national museum building; is it holding up or otherwise?

Mr. Gibson (Hamilton West): I understand it is holding up all right. It will require some repairs. That of course is handled through the Department of Public Works, but we have had no difficulties down there up to the present time.

Item agreed to.

Lands and development services branch—
209. Roads, $197,000.

Mr. Black (Cumberland): I should like some information on this item of roads. Where are these roads, in Prince Edward Island or in the arctic?

Mr. Murray (Cariboo): On the subject of roads, very valuable work is being done in extending roads north toward the source of the atomic bomb, to Hay river and so forth from Grimshaw, Alberta. It is very necessary work which will ultimately bring the development of that country into a Pacific outlet by way of Vancouver and the Pacific Great Eastern Railway.

Mr. Gibson (Hamilton West): In regard to the question, the vote is to provide funds for the construction of streets and roads in the Yellowknife administrative district, extension of small roads within the settlements and leading to airports in the Mackenzie district, also their maintenance and that of the Northwest Territories section of the Grimshaw-Great Slave lake road; repairs and upkeep of road equipment.

Mr. Low: What work is being done on the Grimshaw-Slave lake highway? What are the plans?

Mr. Gibson (Hamilton West): To maintain them from the Alberta border northward?

Mr. Low: No; I understand that there needs to be a certain amount of repair work done particularly on the northern part of that road where it was originally built over very sandy territory. I am just wondering whether any rebuilding is contemplated by this vote.

Mr. Gibson (Hamilton West): We have been discussing it with Alberta. The road south from the Alberta boundary was very bad; it was on muskeg and was very difficult to maintain; from the Alberta boundary up to Great Slave lake it has held up very well. It was well built, and is holding up quite well.

210. Buildings (revote $51,100), $681,128.

Mr. Black (Cumberland): This item has to do with buildings. The minister has just told us that his department has no responsibility for buildings, that it is the responsibility of the Department of Public Works. Here is an item of $681,128.

Mr. Gibson (Hamilton West): This is to meet essential needs for housing and office accommodation brought about by increased mining activities and administrative responsibilities. The building program was commenced in 1945 in the Mackenzie district, the construction being carried out by the Department of Public Works. A considerable amount of the materials required was salvaged from buildings left by the United States army at Waterways, Alberta, and Fort Smith, Northwest Territories. The program has now been extended to include public day schools and accommodation for the teaching staffs in keeping with the minimum educational requirements.

Mr. Black (Cumberland): This sum of $681,000 is money provided by the minister's department but expended by the Department of Public Works.

Mr. Gibson (Hamilton West): Yes, that is correct.

Mr. Black (Cumberland): The Department of Mines and Resources pays the Department of Public Works out of moneys voted by this parliament through the minister's department. The Department of Public Works expends the money but is not responsible to this parliament for these expenditures.

Mr. Gibson (Hamilton West): Not for this item, no.

Item agreed to.

211. Water and sewages, $367,383.

Mr. Fulton: Will the minister explain this item of water and sewages?

Mr. Gibson (Hamilton West): That is in the Yellowknife district. We have put a pumping plant and a sewage disposal plant in that area. The dominion government does that because they have no municipal works in there at the present time.

Mr. Fulton: For whom was it put in and by whom and in what particular place?

Mr. Gibson (Hamilton West): In the Yellowknife townsite. There is quite a settlement at Yellowknife. They now have a school and a hospital. Since it is not an organized territory the dominion government has to do that.

Mr. Murray (Cariboo): May I point out at this time that an eleventh province in Canada is about to be brought forward. The department has been working in the Northwest Territories handling these new settlements, new mining towns, and these new developments and doing a very good job in preparing the way for the day when in the Northwest Territories another province will have been carved out in that area.

Item agreed to.

Yukon division—

214. Administration, $166,500.

Mr. Knowles: Mr. Chairman, there is one question I have been wanting to ask on this item for several years now and have not got around to it.

Mr. Smith (Calgary West): You are not usually that slow.

Mr. Harkness: What is the matter?

Mr. Knowles: These items sometimes come along when we are in a bit of a squeeze. I take it this is an item having to do with administration of the Yukon territory so far as it comes under this government. I hope, Mr. Chairman, that hon. members will not think that I am trying to drag something in here. I think it is related to old age pensions paid in the Yukon, and the same would apply to the Northwest Territories. Who pays the 25 per cent of it corresponding to the 25 per cent paid by the ten provinces in Canada?

Mr. Gibson (Hamilton West): That comes under health and welfare. We do not pay it.

Mr. Knowles: Mr. Chairman, this is serious. I am not trying to drag old age pensions—

Mr. Harkness: If you wanted an answer you should have started three years ago when you first thought of it.

Mr. Knowles: Under the Old Age Pensions Act the federal government pays 75 per cent of the pension and the provincial government pays 25 per cent. It is done in this way. The provincial government pays the pension in full and the federal government reimburses the province to the extent of 75 per cent. My hon. friend is telling me that there is no provincial government up in the Yukon or in the Northwest Territories. In some instances these people get the full pension. I can produce figures to show that. Who pays it? Is it a case where at least some Canadians are drawing old age pensions 100 per cent from the federal government?

Mr. Gibson (Hamilton West): If the hon. member does not mind I would ask him to let the question stand and I shall get an official down here who has definite knowledge of how it is handled. I am not familiar with how the payment is made.

Mr. Knowles: Let the item stand.

Mr. Gibson (Hamilton West): Would the hon. member mind if we carried the item? I shall get the information before we adjourn tonight.

The Deputy Chairman: Shall item 214 carry?

An hon. Member: No.

Mr. Gibson (Hamilton West): Would the hon. member mind if we permitted it to carry, on my undertaking that I will get the information for him before we adjourn tonight?

Mr. Black (Cumberland): Does the minister's department make expenditures for roads? We have passed one item of $197,000, and here is another one for $1,460,000. Who actually constructs these roads, or assumes the responsibility for seeing that the country gets fair value for the money expended?

Mr. Gibson (Hamilton West): The main roads are paid for by the government and the small crossroads paid for by the Yukon council.

Mr. Black (Cumberland): Who lets the contracts?

Mr. Gibson (Hamilton West): For the main roads the department here lets them.

Mr. Black (Cumberland): Not the Department of Public Works?

Mr. Gibson (Hamilton West): No, this department.

Item agreed to.

Yukon division—

815. Roads, further amount required, $650,000.

Mr. Black (Cumberland): Here is another item. We started out with about $200,000 in the main estimates; then we jumped to $1,460,000, and now we have this supplementary expenditure of $650,000. When did the department learn that it required this additional $650,000?

Mr. Gibson (Hamilton West): That was an additional expense for a road we had undertaken in the first place. It is for carrying on additional work during the year. We found the contractor was getting along well with the work for which he had contracted. This is on the Mayo-Minto road in the Yukon. Therefore we arranged for him to continue with the work so that we could get more done and have the work completed at an earlier date.

Mr. Smith (Calgary West): Who was the contractor?

Mr. Gibson (Hamilton West): Mannix Construction Company.

Mr. Gardiner: A good resident of Calgary.

Mr. Smith (Calgary West): You're telling me.

Item agreed to.

Yukon division—

217. Coal development, $90,000.

Mr. Black (Cumberland): Coming from Nova Scotia I should like to know where this $90,000 was expended.

Mr. Gibson (Hamilton West): This expenditure is made in the Yukon.

Mr. Murray (Cariboo): Mr. George Black, former member for the Yukon, was a native of New Brunswick. I am sure if he were here he would be glad to know this government is developing the very fine coal deposits in that area, so as to make coal available to settlers in the Yukon Territory which Mr. Black served so well for many years.

Mr. Smith (Calgary West): That stops me! Where is the coal, and what is the development? You have a little bit of a mine up there, part of this Keeno Hill outfit. But cordwood is still $25 a cord around that country.

Item agreed to.

National park services—

219. National parks and historic sites services, $10,062,324.

Mr. Fulton: There is an increase under this item of $2,164,596 in the main estimates, and we are voting a further $1,255,000 in the further supplementary estimates. What is this for? I would hope it is for the construction of adequate roads in our national parks in order that we may have a system connecting the trans-Canada highway.

Mr. Gibson (Hamilton West): With a great influx of tourist traffic we have been making a great effort to improve our national parks, and this increase in the estimates is due principally to a construction program for the improvement of roads, bridges, camping grounds and administrative buildings. Further development is proposed for a new national park in New Brunswick.

Mr. Fulton: Has any decision been made as to whether through trucking will be allowed in the national parks which may be on the route of the trans-Canada highway?

Mr. Gibson (Hamilton West): No decision has been made because we do not know where the trans-Canada highway will go. We do not encourage through trucking on the roads in the parks.

Mr. Fulton: Surely a decision could be made as a matter of principle. The trans-Canada highway is practically bound to go through one of the national parks, if not more. It has been decided to assist in the development and building of the trans-Canada highway. Surely as a matter of principle it should have been decided whether or not through trucking is to be permitted in the parks—whether it be Yellowstone park, Jasper, Banff or the one on the southern route between Alberta and British Columbia. One of them will be involved. Have we not yet any decision as to whether through trucking will be allowed, and whether adequate roads will be provided?

Mr. Gibson (Hamilton West): I do not think that question has been taken up with the national parks service.

Mr. Fulton: Why?

Mr. Gibson (Hamilton West): I have no doubt some decision will be reached, but I have not heard of the matter having been brought up.

Mr. Green: I would suggest that the minister make inquiry about it, because I know the government of British Columbia is much concerned about this question as it affects the trans-Canada highway. They have not yet been able to get any assurance from the dominion government that there will be adequate facilities for trucking through the national parks. This is an important question in British Columbia, and I am surprised the minister has not had any word of this difficulty. As a matter of fact it has already restricted trade between British Columbia and Alberta to a large extent, and I think without reason.

Mr. Gibson (Hamilton West): The negotiations have been carried on with the Department of Reconstruction and Supply. Certainly we have had nothing passed on to us—at least, so far as I know—as to any negotiations in regard to trucking through the parks.

Mr. Hatfield: How much of the money was spent in New Brunswick on a national park? Has that national park been completed? Was the work done by contract? If so, who was the contractor? What was the cost in the national park?

Mr. Gibson (Hamilton West): We are working on Fundy national park at the present time, but it is not by any means completed. A certain amount of roadbuilding must be done.

Mr. Hatfield: How much has been spent thus far?

Mr. Gibson (Hamilton West): About $500,000.

[Mr. Gibson (Hamilton West).]

Mr. Hatfield: How much did the golf course cost?

Mr. Gibson (Hamilton West): That is, $500,000 in the previous year and another $700,000 this year. The golf course cost about $100,000.

Mr. Hatfield: Was the work done by contract?

Mr. Gibson (Hamilton West): Largely.

Mr. Hatfield: Who was the contractor?

Mr. Gibson (Hamilton West): The Caldwell Construction Company was one of the main contractors.

Mr. McCusker: Is that the M. J. Caldwell Construction Company?

Mr. Coldwell: I can assure you it was not.

Mr. McLure: I should like to bring to the attention of the minister a highway in a national park leading from Cavendish down to Dalvay. There is also the building of a bridge across Rustico harbour to Robinsons island. Early in the summer the engineers were working on that and I should like to know if this work will be continued.

Mr. Gibson (Hamilton West): I understand that work is being continued.

Mr. Fulton: There is an increase of $3,500,000 over what was voted last year in the main and supplementary estimates. I think it is important to the people of British Columbia and Alberta to know whether or not through trucking will be permitted over the trans-Canada highway route. The minister has said that a large part of this money will be devoted toward the building of adequate roads in our national parks and I think we might almost be justified in asking that this item stand until we get a full explanation. However, I am not going to do that. All I am going to ask the minister is to have a decision made in the immediate future and announce it to the house and the country so that we shall know the situation in regard to the trans-Canada highway which is bound to go through one or other of the national parks.

Mr. Gibson (Hamilton West): I think it is quite reasonable to say that if the trans-Canada highway is to go through the parks the people are entitled to know that. I only said that the matter had not been brought to my attention. I shall look into it.

Mr. Black (Cumberland): Are any steps being taken to develop the national park in Nova Scotia?

Mr. Gibson (Hamilton West): Discussions are going on in that regard and one of our officials has been down with the provincial

authorities looking over the area. No decision has yet been reached as I do not think the report has come in.

Mr. Hatfield: What amount was paid to the Caldwell Construction Company in connection with work in the national park in New Brunswick?

Mr. Gibson (Hamilton West): I have not that information here but I shall obtain it for my hon. friend.

Mr. Smith (Calgary West): There is a substantial increase in this item and I should like to know how much of that increase will be spent on the Banff national park and how much on the Jasper national park? I should like to know also how many visitors entered each of those parks in the last period of time for which you have a record?

There is another simple matter I should like to refer to and I think I need only mention it in order to have it corrected. For example, if a coal dealer in Banff takes his truck to Canmore, fourteen miles away, for a load of coal, he must pay fifty cents when he brings that load back to Banff. If the minister wants more details about this I can give them, but I think this is something in administration which has just been overlooked but which should be corrected immediately. I cannot see any justification for charging a coal dealer, or any other dealer, this fee every time he goes to get a load. The revenue would be nothing, but it is rather tough on the fellow who is selling coal. I am not asking the minister to say tonight that it will be stopped, but I wish he would look into it. I have no doubt that it is something that has been inherited in the administration.

The minister's predecessor was a great personal friend of mine and I do not know just how to refer to him. He has gone to another place and I hope no one will regard that as meaning that he has gone to the bourne from whence no traveller returns—he has gone to the Senate. During the last two or three years Jasper park has received twice as much as Banff and, as far as visitors are concerned, ten visit Banff for every one that visits Jasper. The explanation for this greater expenditure has been that roads are being built, but I do not think that has anything to do with it. Now we have a new minister and I do not know whether he has been out to look at these parks.

Mr. Gibson (Hamilton West): I was there last summer.

Mr. Smith (Calgary West): If I get an answer to the questions I have asked it will shorten greatly what I have to say about the national parks. However, there is one more thing I should like to take up and this has to do with the land in Banff national park which is available for lease. I should like to know how much land the government is prepared to lease under the usual ninety-nine year leases to persons who are ready to sign such leases. The simple fact is that the withholding of the right to lease lands controlled by the government has caused prices to rise to almost astronomical figures. I know the government has made an arrangement with the Canadian Pacific Railway Company whereby they have taken over a considerable piece of land which is well suited to residential purposes. That was done at least two years ago, and yet nothing has been done to relieve the housing shortage. I notice the assistant to the minister is taking careful notes of what I say. I should also like very much to know why the civic centre which was planned for Banff is now being built in Jasper. That is a matter of history within the last three years.

An hon. Member: Eleven o'clock.

Mr. Smith (Calgary West): Don't stop me. I may not be able to continue tomorrow. If the minister will answer these questions then I will help him in every way I can to get his estimates through.

Mr. Gibson (Hamilton West): First of all the number of visitors at Jasper and Banff during the past year—that is up to October 31—was Banff, 405,436, and Jasper, 81,831.

Mr. Smith (Calgary West): That is about five to one.

Mr. Gibson (Hamilton West): The expenditures for this year are Banff, $1,529,000, and Jasper, $2,740,000. I may say that while the expenditure at Jasper is higher of course Banff had a great lead by having an earlier start, and a considerably greater sum of money has previously been spent on Banff.

Mr. Smith (Calgary West): And why not?

Mr. Fulton: Eleven o'clock.

Mr. Gibson (Hamilton West): As to the question of the traffic of coal into the parks, this is the first time I have heard of it, and I shall be glad to look into it. With regard to the question of land surveys for residents at Banff, I understand surveys are being made to provide further residential facilities.

Mr. Fulton: Eleven o'clock.

Mr. Smith (Calgary West): Will you forgive me? I did not hear the last thing you said about surveys.

Mr. Gibson (Hamilton West): I said that surveys are being made at Banff to find suitable ground for residential purposes.

Mr. Smith (Calgary West): After three years they should find one lot anyway, should they not?

The Deputy Chairman: Shall the item carry?

Mr. Harkness: No, Mr. Chairman.

Mr. Fulton: Eleven o'clock.

Mr. Coldwell: It is past eleven o'clock. We sat until half-past six, and I do not think we are going to get anywhere tonight by sitting until half-past eleven or midnight.

Mr. Fournier (Hull): Will my hon. friend not consent to our finishing even this department? There are about ten more items.

Mr. Fulton: You have got both Indian affairs and immigration. I doubt if you will finish.

Mr. Smith (Calgary West): Let us try anyway.

Mr. Harkness: If this little procedural wrangle is over, I notice that $7 million odd of the main item of $10 million is for the acquisition or construction of buildings, works and structures, and practically all of the further supplementary item of $1,250,000 odd is for the same purpose. Where are all these buildings and structures being constructed?

Mr. Gibson (Hamilton West): It is chiefly roads. It is all under one item, but the chief expenditure is on road work.

Mr. Harkness: I should like to know what parks these roads are being constructed in.

Mr. Gibson (Hamilton West): The biggest expenditures are in Banff and Jasper, and the road connecting the two.

Mr. Harkness: The total of these two items comes to about eight and a half million dollars. It seems to me we should have a little more information than just the minister's statement that it is mostly for roads. Having been in Banff national park several times during the past summer, I do not know where all this expenditure for roads is being made except for the improving and building of a partly new road between Banff and Radium Hot Springs.

Mr. Coldwell: Before the item is carried, the hon. member for Calgary West raised a point about tolls through national parks. Some time ago I got in touch with the former minister concerning tolls through Prince Albert park, and I was given to understand that some reconsideration would be given to these matters. Have these park tolls been reconsidered? The situation at Prince Albert park is somewhat the same as in the case mentioned by the hon. member for Calgary West, only there is not a town in the park. People have to pass through the park to reach the highway beyond.

[Mr. Gibson (Hamilton West).]

Mr. Gibson (Hamilton West): I have not had that question brought before me, and I certainly have not given it consideration.

Mr. Coldwell: I had some correspondence with the former minister, and I was wondering whether reconsideration had been given to it.

Mr. Smith (Calgary West): No, with the former minister everything went to Edmonton.

Mr. Coldwell: This is last year.

Mr. Harkness: Has the minister found where the $8 million worth of roads are being constructed?

Mr. Gibson (Hamilton West): We can give you every dollar as to where it is expended if you wish to go through the entire list. Would you like to have it by parks?

Mr. Harkness: I should like to know where the main expenditure is.

Mr. Gibson (Hamilton West): The main expenditures are in Jasper park, Kootenay park and Banff park. There is $1,454,000 at Banff, $2,420,000 at Jasper, $1,621,000 at Kootenay, and then there are various smaller amounts. I will just give round figures. There is $724,000 at New Brunswick park, $527,000 at Prince Edward Island park.

Mr. Black (Cumberland): How much at the Nova Scotia national park?

Mr. Gibson (Hamilton West): Cape Breton highlands park, $590,000.

Mr. Knowles: Would the minister explain why, as indicated on page 185, there has been an increase in the salary of the controller of the national parks services in the amount of $375, and a decrease in the salary of the assistant controller by $315? It looks like a case of taking from those who have not and giving it to those who have.

Mr. Gibson (Hamilton West): The assistant controller retired, and he was not there for the whole year.

Mr. Fulford: I should like to commend the minister and the department for the work that has been done in the last year on the St. Lawrence river national parks. These parks extend from Morrisburg on the east to Kingston on the west. I know of no facilities supplied by any department of the government that give more pleasure to people both on the United States side and the Canadian side. I would ask the minister to see that the work is continued, and also that further islands are taken over. I think the hon. member for Grenville-Dundas will agree with me that one site that should be taken over is Windmill point just below Prescott. That is one community in the district which is not adequately served by these national parks.

I would also recommend to the minister that serious consideration be given to taking over certain islands in the Rideau lake chain for the same purpose, and that further consideration be given to taking over Hill island, over which a stretch of highway runs connecting the Canadian side of the Thousand Islands bridge with the United States side. This matter has been brought up before, and I do not think anything has been done. How much has been spent on the St. Lawrence islands national park?

Mr. Gibson (Hamilton West): $57,695 this year.

220. Grant to the Jack Miner migratory bird foundation, $5,000.

Mr. Graydon: I do not rise primarily to commend this vote to the Jack Miner migratory bird foundation, but when I am on my feet I should like to pay a tribute to the work of a great Canadian, whose enterprise has been carried on during his lifetime and since his death in a very effective and very satisfactory manner in the interests of Canada generally.

I am rising at this time to say a word with respect to another county undertaking in my own part of the country, which we regard as of great importance also. I am not going to detail that work tonight; I only want to mention it, but on another occasion, next session, I should like to lay before hon. members full information as to the work being done by the Peel county game and fish protective association. This is the only undertaking of its kind in the province of Ontario and for that reason stands out as an important development in connection with wildlife conservation. The association was formed about two years ago and has been an immense success. It is largely concerned with the raising of pheasants, of which more than eight thousand were released this year. One of the important features of the work of the association is that we have not asked this or any other government for a grant of any kind. I thought it ought to be mentioned because of that fact, since I am afraid we must be an island in a sea of similar requests that have been sent to the minister.

Mr. Gibson (Hamilton West): I was very glad to help them get a hut from Mount Hope.

Mr. Graydon: I thank the minister for that, though I must tell him the association paid for it. It was nevertheless a great help to us to get the war assets building the minister and others were so instrumental in helping us obtain. I only want to mention the matter at this stage preliminary to another address I hope to make to this house with respect to what I believe is a very important work being done in connection with wildlife conservation.

Item agreed to.

221. Grant to aid in the development of the international peace garden in Manitoba, $15,000.

Mr. Knowles: I just want to say that this item is very welcome.

Item agreed to.

Dominion wildlife service—

222. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $259,520.

Mr. Blair: I understand the migratory birds act officials have jurisdiction over the setting of the season for ducks in the fall. This year it was set back from September 15 to October 15. I happen to be a duck shooter myself. I was out the first morning, and that was the first time I ever failed to get ducks. Sportsmen in our part of the country got absolutely none throughout the season, which was the worst we have ever had. I want to draw this to the attention of the minister in the hope that next year we might at least split the difference and have the season open October 1. By October 15 all the local ducks have departed for the south and the northern ducks have not yet come in. We feel that we are simply raising ducks and somebody to the south is shooting them.

Mr. Gibson (Hamilton West): These dates are set as the result of a conference held with all the provinces, and the provinces were unanimous on the dates set this year.

Mr. Blair: Then the provinces were absolutely astray as far as eastern Ontario was concerned.

Mr. Warren: In spite of all the scowls coming my way I am going to say a word on this item, even though it is late. There is an increase in this item of $38,020. I believe it is most important that we do everything possible to conserve wildlife, as well as to conserve the top soil, our forest resources, and such things as those. Down in Renfrew county we have an opportunity to do something in the way of conserving wildlife. We have a farmer named Harry Berry, who lives some ten miles west of Carleton Place on highway 17. Some twenty-five years ago seventeen wild geese landed on his farm and stayed for about six weeks. He did not disturb them but protected them, and they have been returning in greatly increased numbers

each year since that time. Last spring some eight thousand wild geese landed on his farm.

It is now getting too much for one farmer to feed these increasing numbers of geese. Eight thousand wild geese can pull a lot of young clover out of the fine soil on Harry Berry's farm, and now he is asking for some assistance. When so many millions of dollars can be spent in our parks to attract tourists, why not spend at least something to help this man feed these geese? They have not only been eating his clover; he has been feeding them grain out of his granary all these years, and I believe he deserves some kind of help. I am asking the minister now to give consideration to some assistance for this man, and also to consider setting aside this territory along Muskrat lake as a bird sanctuary.

I have taken up this matter with the minister personally, and I think he knows the situation there. Muskrat lake is perhaps ten miles long and does not average more than a mile in width; it is really an extension of the Muskrat river. Ninety-eight per cent of the farmers owning land along Muskrat lake have signed a petition asking the minister to have this property set aside as a bird sanctuary, and that petition is supported by at least five reeves of the district. We feel that this is important, and we would like the matter settled before the geese come back next spring, when there will be probably ten thousand. So I am placing the matter before the minister tonight in the hope that he will not overlook it in the interval.

Mr. Gibson (Hamilton West): It has not been the policy of the federal government to establish bird sanctuaries under the Migratory Birds Convention Act without prior consent from the provincial government concerned. The matter of this proposed sanctuary was taken up promptly with the provincial department of lands and forests, but that department wished to further study the situation. At the moment an investigation is being carried out by the dominion wildlife officer for Ontario and an officer of the Ontario department of lands and forests.

Item agreed to.

224. Cranberry Portage road—to provide for the 1949-50 dominion contribution to the cost of section B, Cranberry Portage to Cuprus mines, of the proposed road between The Pas and Flin Flon in Manitoba in accordance with the terms of an agreement between the dominion and the province of Manitoba dated September 30, 1948, $305,000.

Mr. Knowles: Will the minister give us some details of the agreement between the federal government and the province of Manitoba in regard to this road from The Pas to Flin Flon? What was to be the total cost, and how much was paid?

Mr. Gibson (Hamilton West): The purpose of this vote is to provide for the dominion contribution to the cost of section B Cranberry Portage to Cuprus mines, of the proposed road between The Pas and Flin Flon in Manitoba, in accordance with the terms of the agreement between the dominion and the province of Manitoba dated September 30, 1948.

The increase in the dominion contribution is in accordance with the terms of the agreement, wherein it was proposed to expend $100,000 in 1948-49; $305,000 in 1949-50; and the balance in 1950-51.

The agreement provided for the work on the road to be started not later than April 1, 1948, and completed on or before September 30, 1950. The road is to be an all-weather standard gravel surface with sufficient width for two-way traffic. Work commenced early in 1948 and at the end of the calendar year, approximately 17 miles of clearing, 10 miles of grading, and 10 miles of gravelling were completed. The Pas-Flin Flon highway will be approximately 95 miles in length, of which 27 miles between Cuprus mines and Cranberry Portage are in a potential mineral belt. The total dominion contribution will be $437,000.

Mr. Knowles: Is it on a dollar for dollar basis?

Mr. Gibson (Hamilton West): I understand it is supposed to be about fifty-fifty, but the maximum cost to the dominion has been set.

Item agreed to.

Indian Affairs branch—

225. Branch administration, $138,790.

Mr. Charlton: I should like to ask the minister when the new Indian Act will be brought forward?

Mr. Gibson (Hamilton West): I would say the next session of parliament.

Mr. Harkness: I had a few remarks I wanted to make in that connection.

Mr. Lennard: Make them tomorrow morning.

Mr. Harkness: I would rather make them right now. The minister will remember that there was a joint committee of this house which sat for three years revising this Indian Act. After the completion of the draft revision, it was sent to the Department of Justice so that the officers of that department could look it over. During the spring session of this

parliament, several members asked when the revised Indian Act would be introduced. Invariably, the answer has been that it was still in the hands of the Department of Justice officers. That excuse got so thin that I think the minister himself was ashamed to put it forward.

In answer to the member for Brant-Wentworth, the minister has suggested that the act will be introduced next year. Have the Department of Justice officials completed their lengthy consideration of this act? It has been in their hands since June, 1948. Will the act, as revised by the committee and with all the changes made by the Department of Justice, be the act introduced, or will the joint committee on Indian affairs be reconstituted for further work in this connection?

Mr. Gibson (Hamilton West): As a matter of fact, the Prime Minister spoke on this subject the other day. He pointed out that the Indian Act would not be introduced in this session, but would be left over until the next session. The report of the Indian affairs committee was a good report. My department worked to incorporate certain proposals for amendments to the act, and they were all sent down to the Department of Justice. When the act arrived at the Department of Justice, it was found it was a long time since it was overhauled, and that department felt there were other amendments which should be put in, quite apart from those recommended by the committee. Under those circumstances, the bill has not come back from justice yet. I understand it will not be ready until the next session.

Mr. Harkness: Really, that is complete nonsense. This committee sat for three years considering the matter, and had the benefit of advice from solicitors from the Department of Justice as to what should be in the act, and what should not be in the act; what would work, and what would not work. This story that the Department of Justice found out the act had not been revised for many years is ridiculous, because the reason for setting up the committee in 1946 was that the act had not been revised since the nineties. Everybody knew that. The minister now says that the Department of Justice found out it had not been revised for many years, and yet the chief reason the committee was set up was to revise the act.

As I say, we spent three years in revising the act, and in addition a royal commission was appointed which spent considerable time travelling through the eastern portion of this country. After all this work was done, and after all this advice had been received from the Department of Justice officials, the minister now gets up and says that the Department of Justice found out the act had not been revised for a long time, and has, therefore, been holding it for this length of time.

Mr. Gibson (Hamilton West): I just want to correct my hon. friend in one respect. There was no representative from the Department of Justice on that committee. I understand there were solicitors from the Department of Mines and Resources, but not from the Department of Justice.

Mr. Harkness: Naturally, the Department of Justice did not have representation on the committee, because the committee was composed of members of the House of Commons and the Senate. The Department of Justice did send representatives over to advise the committee, including Mr. Varcoe. The point I am getting at is that the government has been absolutely negligent in the matter of looking after this promised revision of the Indian Act. I do not think they can put forward excuses any longer for not taking action on the matter.

There are one or two other specific matters to which I should like to refer. The first is concerned with the fishing rights of Indians in the province of Alberta. The Indians were granted fishing rights in the various lakes in that province by treaty. The fish constituted one of their main items of food. Last year an order in council was passed by this government, apparently as a result of representations made by the government of Alberta, which prevented the Indians from doing any fishing in those lakes, except on Wednesdays or Thursdays, I think; it was one day a week. I suppose it was Thursday the idea being that the Indians could then have fish for Friday.

Often there were storms on Thursdays, or the fish were running on the opposite sides of the lake to that on which the Indian was fishing, or something of that nature happened, which meant the Indian had no fish. I should like to ask the minister what steps have been taken by his department to get this order in council rescinded, or to make some agreement with the Alberta government which will allow these Indians their treaty rights. I have made representations to the department about this matter.

Mr. Gibson (Hamilton West): When the natural resources were turned over to the province in 1930, under the agreement it left the Indians with ordinary rights for fishing and trapping in the province. There has been no change in that situation.

Mr. Harkness: That is absolutely wrong. Nothing affected these fishing rights until last year, when an order in council was passed by this government limiting the right of the Indians to fish in these lakes to one day a week.

Mr. Gibson (Hamilton West): I understand that the Indians are subject to the laws of the province. I do not know of the order in council to which my hon. friend is referring that took away any rights that they had up to last year.

Mr. Harkness: If the minister does not know he had better consult the officials in the Indian affairs branch and find out.

Mr. Gibson (Hamilton West): They do not know either.

Mr. Harkness: They know about it. I have had correspondence with them on the matter. The order in council was passed in the last year. It is very recent and was passed as a result of representations from the Alberta government, again I think because of representations made to them by the fish and wildlife association of Alberta. The actual effect of this order in council is that the Indians bordering on these lakes have been deprived of their treaty rights which were guaranteed to them by the treaties which were signed when this territory was taken over from them. In addition to that, they have been deprived of their means of livelihood. The result of their being prevented from fishing is that the taxpayer of Canada has to provide them with welfare funds, food and so forth.

Mr. Gibson (Hamilton West): The special fishery regulation to which my hon. friend is referring is, I understand, one that was passed by the province of Alberta. As I said before, when the natural resources were taken over by the provinces it left the provinces with the right to regulate the use of the natural resources of the provinces. That I think must be the regulation to which my hon. friend is referring.

Mr. Harkness: I think the minister will find that an order in council was passed by his own government, which is the one to which I am referring. I have had correspondence—

Mr. Gibson (Hamilton West): An order in council was passed approving the fishery regulation of the province of Alberta.

Mr. Harkness: Yes.

Mr. Gibson (Hamilton West): I find that was passed, but that is only approving of the regulation that had been passed by the province of Alberta.

[Mr. Gibson (Hamilton West).]

Mr. Harkness: That is one of the things that I complained about. The minister is supposed to be the guardian of the Indians and is supposed to look after their rights. Instead of safeguarding their fishing rights in these lakes, as a matter of fact, the government passes an order in council giving away the rights. That is the very thing I am complaining about.

Mr. Coldwell: I want to support the hon. member in his request that a new Indian Act be brought down. Members of the parliamentary committee worked three years on the proposed act. As he has already said, they were turned into a royal commission and toured a part of this country. The proposed act they brought down was probably one of the most progressive pieces of legislation offered to this house on behalf of a group of people in this country. Because the Indian Act is obsolete the record of our own country regarding Indian affairs has been far from satisfactory and far from a credit to Canada. When the proposed act was recommended by the committee in the report to this house we all hoped that it would be something of a charter for the Indians in order that they might be encouraged to find a place in the life of Canada. I think the committee did an excellent job and produced an equally excellent report. We had the makings of a very good Indian Act.

Like the hon. member, I do not see why it takes a year and a half to refer this matter to the Department of Justice for other suggestions and amendments. Because the act has not been revised for a good many years, surely the Department of Justice should have been interested in the act at the same time as the committee was sitting and discussing Indian affairs. I think it is a shame that after three years of work, and the approval of the proposed act which had the makings of something good for the Indians and for Canada herself, nothing had been done with it.

The criticisms made by the hon. member are fully justified. I was not a member of the committee, but I followed it very closely. Several members of our party were on the committee. I saw the work they did; I saw the work that was done by members of other parties, including hon. members on the government side of the house in the last parliament. They worked effectively; they worked well; they worked conscientiously to do something for the Indians of this country. The least that could be done would be to bring legislation before the house early in the next session and not allow anyone anywhere to interfere with or circumvent the wishes of the committee which made such an excellent report to the house.

Mr. Harkness: I have one more question in connection with welfare payments paid to aged Indians. Indians are the only people in this country who are not eligible for old age pensions. The welfare payments made to aged and other indigent Indians are now at the rate of $7.80 per month. The Indian association of Alberta has made representations to the Indian affairs branch to raise this amount to at least $15 a month. This afternoon in discussing medical matters as far as the Indians were concerned, the Minister of National Health and Welfare agreed that one of the reasons why tuberculosis and other diseases are so much more evident among the Indians than in the rest of the population is dietary deficiencies. I suggested to him that perhaps one of the best things he could do in order to improve the health of the Indians would be to recommend to the government that they increase the scale of these welfare payments so as to provide at least something reasonable in the way of money or payments in kind with which Indians could feed themselves decently. I urge the minister, who is directly responsible for this, that these welfare payments be increased. I think everyone will agree that the present scale is ridiculously low.

Mr. Gibson (Hamilton West): I think I should point out that in addition to the $8 that they get for welfare they also get subsistence in the form of fuel, clothes, food and medical attention in addition to the cash payments that they receive. Therefore it is not just the money alone.

Mr. Hatfield: Treaty or non-treaty Indians?

Mr. Harkness: The minister says that they get these things in addition. If he will look into it he will find that the amount of food they get in addition to the welfare payments is very small. It amounts to a certain quantity of meat, in many instances meat that could not otherwise be sold, cast-off meat, and flour and a few other items along that line. It does not amount to very much. I have forgotten the money value of it. I think it is a very small amount.

Mr. Shaw: Mr. Chairman, this afternoon I had occasion to refer to conditions of health among the Indians in the Rocky Mountain House district of Alberta. I was greatly pleased witih the response that came from the Minister of National Health and Welfare. Tonight for just one brief moment I should like to point out that in order to solve the problem which I brought up this afternoon it will be extremely necessary for officials of the Indian affairs branch to give serious and thoughtful consideration to the responsibilities that rest upon them in connection with this problem. We have approximately 200 Chippewa Indians who have not come under the treaty. A tremendous amount of ground work was done in that district by old-timers in the district. I mentioned one this afternoon, Mr. Henry Stelfox. The Indians were practically at the point where they were prepared to accept treaty, and then the Indian affairs department sent a man in to negotiate with them. I believe that my ten-year-old boy would have been just as competent to deal with these Indians—I will not mention any names—as this gentleman. He was not even civil with the Indians, with the result that this advance party which had come down to discuss treaty turned and went back in disgust. It is not beyond the realm of possibility to get these Chippewa Indians into treaty. But some care must be exercised in the type of man who goes in there to negotiate with them.

I would stress one or two points in connection with this. Whether it happens to be the agent or someone else located at Rocky Mountain House, this person must be essentially of a very humane character. He must be one who has the interests of those Indians at heart. He must know something of the history of those Indians. He must know something about the nature of the country in which they live.

I have not met the agent or the officials at the agency at Rocky Mountain House. I am not going to register any complaint about them, but I am going to stress upon the minister that he be certain above all else that he has the right man in there, if he ever expects to get those 200 Chippewa Indians into the treaty. I suggest the attention of his officers should be focused upon that situation to determine whether or not the right man is in charge at that agency.

With respect to the Crees who are on the reservation at that point, let me say that on that reservation there is a large quantity of timber—sufficient, if properly dealt with, to provide a great deal of security for those Indians over a long period of time. On the basis of the information I have received I am fearful that situation is not being dealt with properly. For example, these Indians should be allowed to go in there and establish their own small mill. It does not cost much money. Let it be all Indian labour, and let them take out their own timber under supervision.

Today the policy seems to be to let the white man go in there and establish his own mills, with the result that the poor Indian gets nothing but the wages paid to him—and sometimes those wages are not very high.

In my opinion that timber belongs to those Indians, and they should be helped to bring it out.

I do not wish to take more time, but I do believe this economic angle is very important from the standpoint of the health problem I set before the minister this afternoon. That condition is simply appalling in this district.

Mr. Hatfield: Will the minister consider increasing the old age pension from the $8 at which it now stands. An Indian cannot live on $8 a month. I have a letter here from an Indian on a reservation in my constituency. This man says he is eighty years of age.

Mr. Gibson (Hamilton West): I would say that this matter is receiving consideration at the present time.

Mr. Coldwell: What is the incidence of tuberculosis among the Indians?

Mr. Gibson (Hamilton West): That comes under the Department of National Health and Welfare.

Mr. Coldwell: I know.

Mr. Gibson (Hamilton West): We do not touch it.

Mr. Coldwell: But surely the Indians branch, which is supposed to look after the welfare of the Indians, should know something about their health. Does the minister know anything about the health of the people in his custody?

Mr. Gibson (Hamilton West): The Minister of National Health and Welfare gave a very full report on the subject today.

Mr. Coldwell: I do not think he did.

Mr. Gibson (Hamilton West): He gave the percentage that had been covered by the X-ray surveys.

Mr. Coldwell: That is all he did.

Mr. Gibson (Hamilton West): I believe he said 62 per cent had been covered.

Mr. Coldwell: What were the results?

Mr. Gibson (Hamilton West): He is the one who would have to give that. I have not that information.

Mr. Coldwell: If the Indian affairs branch is charged with custody of the Indians, and we appropriate money for the welfare of those Indians, why is it that that branch of government does not know anything about the health of the Indians in its custody? Perhaps this is one reason why the Indian population is in such an unsatisfactory condition today, and why our Indians have not been raised to the level of the white population, as the natives of some other countries have been raised to the level of the white population there.

Because of the division of power, if we may so describe it, among the various branches of government it would seem that this condition has arisen. The same applies to education. What are the educational levels among the Indians? How is that education looked after? What kind of schools have they? To what extent are they educated? I have been to some of these Indian schools, and I will say that in the junior grades I found that the level was about the same as that of white children. I know something about this, because at that time I was supervising schools and knew something about educational levels.

But a little later on there seemed to be no provision for higher grades in the schools, no provision for higher education among them. We know perfectly well that, given the opportunity, the Indian has the same mentality as other people, and can be raised to the level of the whites.

That is one of the reasons I want to see this Indian Act brought down. That is one of the reasons I want to see a complete revision of the provisions for education, health and everything else in the Indian affairs branch. This thing is a public scandal in Canada, and it is a scandal that the government has not brought down the act for revision, so that we may do something about it.

Mr. Gibson (Hamilton West): May I say that we are just as anxious to have the act brought down as other members of the house. With regard to the health of Indians, I am informed that the health has been improving. Certainly the birth rate is the highest of any group in this country. They are increasing rapidly.

Mr. Coldwell: But what is the infant mortality rate?

Mr. Gibson (Hamilton West): Expenditures on Indian education in the last fiscal year amounted to $5,403,012.24. At this time there are in operation 309 day schools, 72 Indian residential schools and 5 combined schools. The number of Indian pupils stands at 12,511 in the day schools, 9,368 in the residential schools and 104 in the combined schools, in addition 1,302 attended provincial and private schools, making a total of Indians enrolled in educational classes of 23,285, an increase of 2,015 over the preceding year

Mr. Coldwell: Those figures are meaningless. I know there are Indians enrolled in schools. But what kind of education do they get in those schools, and how is the money being spent in connection with that education?

Is it going toward the education of the Indians? To what extent is this money being spent properly for educational purposes?

And the same questions could be asked in connection with health. To what extent is the money for the health of Indians being spent for the health of Indians? What is the overhead in connection with education on Indian reserves? I will say again that I have found from personal observation that the Indian children in the lower grades measure up pretty well with the white children; but afterwards they seem to evaporate, and we have nothing to show for these vast sums of money we are spending on education. I say the number of Indian children in schools means nothing. What kind of education are they getting? That is the point.

The Deputy Chairman: I would point out that we are now discussing item 225.

Mr. Hatfield: I would draw the attention of the minister to the water service at the Indian reservation at Tobique Point in my constituency. They were promised a water service two years ago when the committee was down there investigating. This water runs into puncheons or large casks which are set out on the different streets of the Indian reservation and the Indians go and dip their pails in to get their water instead of having it available from a faucet. An Indian from a t.b. home will go there and dip in his pail along with an Indian from a healthy home. We were promised that this unhealthy situation would be corrected by the putting in of a water system.

Mr. Gibson (Hamilton West): If the water system is not already completed it will be completed quite shortly.

Item agreed to.

Welfare—

228. Welfare of Indians, $3,002,528.

Mr. Coldwell: What is the total amount provided in the main, the supplementary and the further supplementary estimates for Indian welfare?

Mr. Gibson (Hamilton West): The total is $3,103,000.

Item agreed to.

Education—

230. Indian education, and to authorize commitments against future years in the amount of $200,000, $4,157,433.

Mr. Murray (Cariboo): There are 3,000 Indians in my riding and naturally I am interested in their welfare. I should like to refer to the splendid work being done by the department under the superintendency of Major Donald Morrison MacKay, who is a son of Cariboo and is active in the department. I want to refer especially to the setting up of day schools throughout the Cariboo district which makes it possible for the young Indian people to have the same educational opportunities as those available to the whites. I am looking forward to the bringing down of the new Indian Act and I hope that the time will come when these people will have the same status in the nation as the white people.

Mr. Knowles: Will the minister explain what is meant by, "and to authorize commitments against future years in the amount of $200,000"? Is that included in the amount of $4,157,433?

Mr. Gibson (Hamilton West): That is not included in the total.

Mr. Knowles: We are authorizing the department to make commitments of $200,000 in future years?

Mr. Gibson (Hamilton West): Over and above what will be spent next year.

Mr. Knowles: Will those expenditures appear in future estimates?

Mr. Gibson (Hamilton West): In the estimates of next year, yes.

Mr. Hatfield: What is the difference between a treaty and a non-treaty Indian?

Mr. Gibson (Hamilton West): Treaties have been entered into with Indians in Ontario and the western provinces under which annuities are paid.

Mr. Hatfield: What about the Indians in eastern Canada? Treaties were entered into with them long before they were entered into with the Indians in western Canada.

Mr. Gibson (Hamilton West): The treaties I have referred to are as follows:

Treaty No. 1. Southern Manitoba centering Portage la Prairie and Winnipeg districts.

Treaty No. 2. Central Manitoba, south-eastern Saskatchewan and south-western Manitoba.

Treaty No. 3. Extreme south-west of Ontario lying west of the great lakes and small portion of south-eastern Manitoba.

Treaty No. 4. Mainly southern Saskatchewan.

Treaty No. 5. Northern Manitoba and part of extreme western Ontario, north of treaty No. 3.

Treaty No. 6. Central Alberta and Saskatchewan.

Treaty No. 7. Southern Alberta.

Treaty No. 8. Northern Alberta, the Northwest Territories, south of Great Slave lake and north-eastern British Columbia.

Treaty No. 9. That part of Ontario drained into the Hudson bay.

Treaty No. 10. Northern Saskatchewan.

Treaty No. 11. The Northwest Territories north of Great Slave lake.

There are no such treaties with Indians in the maritimes.

Mr. Hatfield: Treaties were made with Indians in Ontario, Quebec and the maritimes but the department told me three or four years ago that they had been lost.

Mr. Gibson (Hamilton West): I am sure there are no such treaties in the maritimes and Quebec.

Mr. Hatfield: There were because I have copies of them.

Item stands.

The Deputy Chairman: There are two items that were carried but kept in abeyance. I understand the minister has the information now. A question was asked by the hon. member for Winnipeg North Centre about item 214.

Mr. Knowles: It will keep until tomorrow morning.

Mr. Fournier (Hull): That was passed.

The Deputy Chairman: I believe they were carried, but I kept them here in case they were needed for further discussion.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): Unless I am mistaken there are three departments that have not been discussed at all, the Prime Minister's office, public works and finance. There are two departments that were discussed for some time but items were not passed. They are the departments of trade and commerce and justice. We have balances in agriculture, veterans affairs and a few items in mines and resources. Tomorrow morning at eleven o'clock we shall proceed with the remainder of the items in agriculture. Then we will take up trade and commerce, public works and the Prime Minister's office. During the day some time I shall have to bring in four or five items in veterans affairs and mines and resources, but we will try to follow this order: Agriculture, trade and commerce, public works, Prime Minister's office, finance and justice.

Mr. Knowles: And legislation.

Mr. Fournier (Hull): And legislation.

It being 12.05 a.m., the house adjourned, without question put, pursuant to standing order.

[Mr. Gibson (Hamilton West).]

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

DEPARTMENT OF NATIONAL HEALTH AND WELFARE

252. Departmental administration, $794,605.

National health branch—health services—

253. National health branch—administration, $126,015.
254. Food and drugs, $682,015.
255. Proprietary or patent medicines, $26,585.
256. Opium and narcotic drugs, $139,860.
257. Quarantine and leprosy, $272,797.
258. Laboratory of hygiene, $340,014.
259. Immigration medical inspection, $842,773.
260. Child and maternal health, $96,005.
261. Public health engineering, $158,640.
262. Treatment of sick mariners, $524,610.
263. Industrial health, $125,180.
264. Civil service health, $202,709.
265. Nutrition, $143,635.
266. Venereal disease control, $42,164.
267. Health insurance studies, $56,451.
268. Dental health, $52,748.
269. Hospital designs, $24,810.
270. Mental health, $90,725.
271. Blindness control, $46,120.
272. Epidemiology, $25,880.
273. Grants to institutions assisting sailors, in the amounts detailed in the estimates, $2,600.
274. Medical services—Indians and Eskimos, $10,713,316.
275. Civil aviation medicine, $44,015.

Health grants—

276. General health grants—to provide for the following grants to the provinces, under terms and conditions approved by the governor in council—

Health survey grant to assist the provinces in surveying present health services and facilities including hospitals, and in studying ways and means of improving and extending the same; to be distributed on the basis of a flat amount to $5,00 to each province and the balance according to population but the total payment available to any province in no case to be less than $15,000, $150,000.

Hospital construction grant to assist the province in the provision of adequate accommodation for hospital and health services; to be distributed on the basis of $1,000 per bed for active treatment beds $1,500 per bed for chronic or convalescent beds, o in the case of other health facilities on an equivalen basis; provinces to match or exceed dominion contribution which shall in no case exceed one-third o total cost, $13,000,000.

General public health grant to assist the province in strengthening general public health services; t be distributed on the basis of 40 cents per capita o population, to provinces which maintain at leas their standard and extent of service in this field a at March 31, 1948, $5,143,600.

Tuberculosis control grant to assist the province in an accelerated and intensified effort toward the eradication of tuberculosis and to extend progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 t each province and the balance to be divided 50 pe cent on the basis of population and 50 per cen on the basis of the average number of deaths from tuberculosis in each province over the previou five years, $3,000,000.

Mental health grant to assist the provinces in the prevention of mental illness, and in extending progressively the provision of free treatment; to b distributed on the basis of a flat amount of $25,0 to each province and the balance according to popu lation, $4,000,000.

Venereal disease control grant to assist the provnces in extending and intensifying their present fforts toward the control of venereal disease; to be listributed on the basis of a flat amount of $4,000 to ach province and the balance according to popula-ion, $500,000.

Crippled children grant to assist the provinces in n intensive program for the prevention and correc-ion of crippling conditions in children; rehabilitation nd training; to be distributed on the basis of a lat amount of $4,000 to each province the balance ccording to population, $500,000.

Professional training grant to assist the provinces n the training of personnel for public health and ospital staffs; to be distributed on the basis of a lat amount of $4,000 to each province and the alance according to population, $500,000.

Public health research grant to assist the provinces n stimulating and developing public health research, 200,000.

Cancer control grant to assist the provinces in rograms for the control of cancer; to be distributed ccording to population, with any such programs for ancer control to be approved and the cost thereof to e divided equally between the dominion and the rovince concerned, $3,500,000.

Welfare branch—

277. Welfare branch administration, $36,155.

Family allowances—

278. Administration, $1,808,198.

Old age pensions (including pensions to the blind)—

279. Administration, $65,610.

National physical fitness—

280. Administration, $60,887.

281. Assistance to provinces, $85,689.

282. Assistance to schools of social work, $50,000.

Miscellaneous grants—grant to—

283. Canadian welfare council, $12,600.

284. Canadian national committee for mental ygiene, $10,000.

285. Health League of Canada, $10,000.

286. Canadian Public Health Association, $5,000.

287. Canadian National Institute for the Blind, 45,000.

288. L'Association Canadienne Francaise des veugles, $6,000.

289. L'Institut Nazareth de Montréal, $4,050.

290. Montreal Association for the Blind, $4,050.

291. Canadian Tuberculosis Association, $20,250.

292. Victorian Order of Nurses, $13,100.

293. St. John Ambulance Association, $4,050.

294. Canadian Red Cross Society, $10,000.

295. Canadian Paraplegic Association, $15,000.

National health branch—health services—

691. Quarantine and leprosy—further amount equired, $10,600.

692. Immigration medical inspection — further mount required, $18,960.

693. Treatment of sick mariners—further amount equired, $150,000.

Health grants—General health grants—

694. To provide for the following grants to the provinces, under terms and conditions approved by the governor in council—Health survey grant to assist the provinces in surveying present health services and facilities, including hospitals, and in studying ways and means of improving and extending the same; to be distributed on the basis of a flat amount of $5,000 to each province and the balance according to population but the total payment available to any province in no case to be less than $15,000—further amount required, $19,779.

Hospital construction grant to assist the provinces in the provision of adequate accommodation for hospital and health services; to be distributed on the basis of $1,000 per bed for active treatment beds, $1,500 per bed for chronic or convalescent beds, or in the case of other health facilities on an equivalent basis; provinces to match or exceed dominion contribution which shall in no case exceed one-third of total cost—further amount required, $334,629.

General public health grant to assist the provinces in strengthening general public health services; to be distributed on the basis of 40 cents per capita of population, to provinces which maintain at least their standard and extent of service in this field as at March 31, 1948—further amount required, $132,400.

Tuberculosis control grant to assist the provinces in an accelerated and intensified effort toward the eradication of tuberculosis and to extend progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance to be divided 50 per cent on the basis of population and 50 per cent on the basis of the average number of deaths from tuberculosis in each province over the previous five years—further amount required, $176,614.

Mental health grant to assist the provinces in the prevention of mental illness and in extending progressively the provision of free treatment; to be distributed on the basis of a flat amount of $25,000 to each province and the balance according to population—further amount required, $122,171.

Venereal disease control grant to assist the provinces in extending and intensifying their present efforts toward the control of venereal disease; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population—further amount required, $15,944.

Crippled children grant to assist the provinces in an intensive program for the prevention and correction of crippling conditions in children, rehabilitation and training; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population—further amount required, $15,944.

Professional training grant to assist the provinces in the training of personnel for public health and hospital staffs; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population—further amount required, $15,944.

Public health research grant to assist the provinces in stimulating and developing public health research—further amount required, $5,148.

Cancer control grant to assist the provinces in programs for the control of cancer; to be distributed according to population, with any such programs for cancer control to be approved and the cost thereof to be divided equally between the dominion and the province concerned—further amount required, $90,093.

Welfare branch—family allowances—

695. Administration—further amount required, $78,180.

Old age pensions (including pensions to the blind)—

696. Administration — further amount required, $3,000.

832. Departmental administration—further amount required, $20,000.

National health branch—health services—

833. Laboratory of hygiene and to authorize commitments against future years in the amount of $115,000—further amount required, $58,000.

834. Immigration medical inspection—further amount required, $92,178.

835. Industrial health—further amount required, $5,550.

836. Dental health—further amount required, $3,700.

837. Epidemiology—further amount required, $2,400.

838. Civil aviation medicine—further amount required, $5,000.

Health grants—general health grants—

839. To revote the following amounts in respect of grants to the provinces set out below and to be paid under terms and conditions to be approved by the governor in council—Health survey grant—To hereby amend the terms of vote 276, main estimates, 1949-50, to read "Health survey grant—revote to continue scheme of allocation of grant under vote 797 of the supplementary estimates for the fiscal year ending March 31, 1949"—further amount required, $100,000.

Hospital construction grant (revote)—further amount required, $1,000,000.

Venereal disease control grant—To hereby amend the terms of vote 276, main estimates, 1949-50, to read "Venereal disease control grant to assist the provinces in the control of venereal disease; to be distributed on the basis of a flat amount of $4,000 to each province and the balance according to population with any programs for venereal disease control to be approved and the cost thereof to be divided equally between the dominion and the province concerned" and to revote an additional amount for the equipment ordered before March 31, 1949, but not delivered within time for payment out of unexpended amounts authorized by vote 797 of the supplementary estimates for the fiscal year ended March 31, 1949—further amount required, $1,600.

Revotes for equipment ordered before March 31, 1949, but not delivered within time for payment out of unexpended amounts authorized by vote 797 of the supplementary estimates for the fiscal year ending March 31, 1949, in respect of the following grants: General public health grant—further amount required, $132,085; tuberculosis control grant—further amount required, $212,847; mental health grant—further amount required, $326,829; crippled children grant—further amount required, $4,350; public health research grant—further amount required, $500.

Welfare branch—

840. Family allowances—administration—further amount required, $45,000.

841. Old age pensions (including pensions to the blind)—administration—further amount required, $7,000.

842. Assistance to schools of social work—further amount required, $2,500.

843. Grant to British Empire Games Association of Canada, $20,000.

DEPARTMENT OF MINES AND RESOURCES

172. Departmental administration, $365,500.

Special projects—

173. Director of special projects—administration, $29,235.

174. International boundary commission, $47,397.

Mines, Forests and Scientific Services Branch—

175. Branch administration, $100,670.

Bureau of Mines—

176. Bureau of Mines administration, $43,500.

177. Mineral resources investigations, $1,598,850.

178. Explosives Act administration, $65,900.

179. Investigations of radioactive ores, $268,130.

Dominion forest service—

180. Dominion forest service administration, $59,280.

181. Forest research and investigations, $762,990.

182. Forest products research, $535,030.

183. Grant to Canadian forestry association, $4,000

Eastern Rockies forest conservation board—

184. To provide for the salaries and expenses of dominion members of the board and their alternates and sundry expenses in connection with the maintenance and operation of the Ottawa office of the board, $23,000.

185. Dominion contribution towards annual maintenance, including staff and expenses, $175,000.

186. Forest insects control board, $13,225.

Geological survey of Canada—

187. Geological survey administration and miscellaneous services, $128,625.

188. Geological surveys, $1,130,365.

Surveys and mapping bureau—

189. Surveys and mapping bureau administration, $31,640.

190. Topographical surveys, including expenses of the Canadian board on geographical names, $1,196,240.

191. Canadian hydrographic service, $3,478,314.

192. Geodetic survey of Canada, $662,775.

193. Legal surveys, including grant of $350 to assist in printing the publication of the Canadian Institute of Surveying, $499,136.

194. To provide for the payment of fees of the board of examiners for dominion land surveyors, of the secretary and of the sub-examiners and for travelling expenses, stationery, printing, rent, etc. (the fees of B. W. Waugh, J. E. R. Ross and J. L. Rannie, members of the board, and A. W. W. Cole, secretary, are to be paid out of this sum), $2,100.

195. Map compilation and reproduction, $399,510.

Dominion water and power bureau—

196. Dominion water and power bureau, including the administration of the Dominion Water Power and Irrigation Acts, and including grant of $350 to the international executive council, world power conference, $513,700.

197. To provide for studies and surveys of the Columbia river watershed in Canada, $350,000.

198. Lake of the Woods control board, $11,880.

199. To provide for the expenses incurred under the agreement between the dominion, Ontario and Manitoba, confirmed by the Lac Seul Conservation Act, 1928, moneys expended to be largely reimbursed, $17,750.

200. To provide for acquiring flowage easements and discharging claims of owners of riparian lands in Ontario below the outlets of the Lake of the Woods affected by regulation under the Lake of the Woods Control Board Act (revote), $500.

201. To provide for excavation of a flood channel at Dalles rapids in Winnipeg river in Ontario to reduce flooding of riparian property affected by the regulation under the Lake of the Woods Control Board Act, $170,000.

202. Geographical bureau, $136,200.

203. National Museum of Canada, $177,500.

Dominion observatories—

204. Dominion observatory, Ottawa, $312,630.

205. Dominion astrophysical observatory, Victoria, B.C., $63,859.

Lands and development services branch—

206. Branch administration, $82,800.

Northwest Territories and Yukon services—Mackenzie division—

207. General administration, operation and maintenance of services, including Wood Buffalo park, $745,414.

208. Forest conservation, including Wood Buffalo park, $336,395.

Roads, buildings and water systems—construction and improvements—

209. Roads, $197,000.
210. Buildings (revote), $51,100), $681,128.
211. Water and sewages, $367,383.

Arctic division—

212. Administration, $177,160.
213. Buildings, $104,000.

Yukon division—

214. Administration, $166,500.
215. Roads, $1,460,000.
216. Buildings, $171,000.
217. Coal development, $90,000.
218. Lands division—administration of dominion, ordnance and admiralty, and public lands; seed grain collections, $254,335.

National parks services—

219. National parks and historic sites services, $10,062,324.
220. Grant to the Jack Miner migratory bird foundation, $5,000.
221. Grant in aid in development of the international peace garden in Manitoba, $15,000.

Dominion wildlife service—

222. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act, $259,520.

Engineering and construction division—

223. Engineering and construction services, $399,319.
224. Cranberry portage road—to provide for the 1949-50 dominion contribution to the cost of section B, Cranberry Portage to Cuprus Mines, of the proposed road between The Pas and Flin Flon in Manitoba in accordance with the terms of an agreement between the dominion and the province of Manitoba dated September 30, 1948, $305,000.

Indian Affairs branch—

225. Branch administration, $138,790.
226. Indian agencies, $2,451,709.

Reserves and trusts—

227. Administration, $261,615.

Welfare—

228. Welfare of Indians, $3,002,528.
229. Grants to agricultural exhibitions and Indian fairs, $7,200.

Mines, forests and scientific services branch—bureau of mines—

682. Explosives Act administration—further amount required, $5,700.

Dominion forest service—

683. Forest research and investigations—further amount required, $40,000.

Geological survey of Canada—

684. Geological surveys—further amount required, $65,000.

Surveys and mapping bureau—

685. Topographical surveys, including expenses of Canadian board on geographical names—further amount required, $50,000.

Dominion water and power bureau—

686. Dominion water and power bureau, including the administration of the Dominion Water Power and Irrigation Acts—further amount required, $32,200.

Lands and development services branch—lands division—

687. Administration of dominion, ordnance and admiralty, and public lands; seed grain collections—further amount required, $11,360.

Dominion wildlife service—

688. Wildlife resources conservation and development, including administration of the Migratory Birds Convention Act—further amount required, $12,320.

Special projects—

803. To provide for investigations into the possibility of water storage on Mayo lake, Yukon Territory, and of hydro-electric developments on Mayo river, Yukon Territory, to serve the Mayo, Keno Hill and Galena Hill districts, $50,000.

Mines, forests and scientific services branch—

804. Branch administration—further amount required, $1,000.

Bureau of mines—

805. Maintenance of plant of Abasand Oils Limited, $85,000.

Dominion forest service—

806. Dominion forest service administration—further amount required, $2,500.

807. Forest products research—further amount required, $15,000.

Geological survey of Canada—

808. Geological survey administration and miscellaneous services—further amount required, $6,500.

809. Geographical bureau—further amount required, $16,500.

810. National Museum of Canada—further amount required, $28,000.

Dominion observatories—

811. Dominion astrophysical observatory, Victoria, B.C.—further amount required, $9,000.

Lands and development services branch—Northwest Territories and Yukon services—Mackenzie division—Roads, buildings and water systems—construction and improvements—

812. Roads—further amount required, $89,316.

813. Buildings—further amount required, $68,100.

Yukon division—

814. Administration—further amount required, $10,500.

815. Roads—further amount required, $650,000.

National parks services—

816. National parks and historic sites services—further amount required, $1,255,434.

Engineering and construction division—

817. Engineering and construction services—further amount required, $17,500.

Supply—National Health and Welfare

818. Dominion contribution to the cost of a ten-mile section of the Tide lake road between Big Missouri mine and Summit lake in British Columbia in accordance with the terms of an agreement to be entered into between the dominion and the province of British Columbia, $35,000.

819. Dominion contribution to the cost of construction of a mining road between the Stony rapids and Black lake in Saskatchewan in accordance with the terms of an agreement to be entered into between the dominion and the province of Saskatchewan, $12,500.

Indian Affairs branch—

820. Branch administration—further amount required, $1,500.

821. Indian agencies—further amount required, $190,400.

Welfare—

822. Welfare of Indians—further amount required, $101,000.

APPENDIX

RENT CONTROL—FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

THE GOVERNMENT OF THE PROVINCE OF NEW BRUNSWICK

THE PREMIER

Fredericton, November 25, 1949

Hon. D. C. Abbott, K.C.,
Minister of Finance,
Ottawa, Canada.

Dear Mr. Abbott:

I received in due course your letter of the ninth instant, which has reference to rental controls, but have delayed replying thereto until I had an opportunity to discuss these questions in cabinet.

They have been under consideration during our current meeting and are still receiving study. Under these circumstances, I am not in a position to indicate our attitude thereon but will be in further communication with you shortly.

Yours sincerely,

John B. McNair

THE PREMIER
Nova Scotia

Halifax, December 1, 1949

My dear Minister,

Let me thank you for your letter of November 9 on the subject of rental control.

I note that the constitutional aspect of the question is being referred to the Supreme Court of Canada, and I shall await with interest the decision of that court. Undoubtedly it is well to have this matter settled.

At the moment the province's views on rent control remain the same as expressed in my letter to you under date of February 21, 1949.

Yours sincerely,

Angus L. Macdonald

Hon. D. C. Abbott, P.C., K.C., M.P.,
Minister of Finance,
Ottawa, Canada.

MINISTER OF FINANCE

Ottawa, December 7, 1949

Hon. Angus L. Macdonald, P.C., K.C.,
Premier of Nova Scotia,
Halifax, Nova Scotia.

My dear Premier:

Thank you very much for your letter of December 1 in reply to mine of November 9, on the subject of rental control.

I note that the views of the province of Nova Scotia remain the same as expressed in your letter of February 21, 1949.

Yours very truly,

D. C. Abbott

PREMIER'S OFFICE
SASKATCHEWAN

Regina, December 6, 1949

Hon. Douglas C. Abbott,
Minister of Finance,
Ottawa, Ontario.

Dear Mr. Abbott:

Re rent control

I wish to thank you for your letter of December 2.

My letter to you of November 16 set out the position of the Saskatchewan government, namely:

(1) That the order permitting rent increases on December 15 should be made inoperative in this province.

(2) That Saskatchewan was prepared to enter the rent control field.

(3) That we desired an assurance that you had jurisdiction to place Saskatchewan in the field while it was still occupied by the dominion. We requested a supreme court reference to determine your jurisdiction in this respect.

Your last letter, we take it, is a definite refusal to refer the question to the supreme court. We regret this, and cannot agree with you that such a reference is "undesirable" or that it "might confuse the main issue". With respect, we doubt if the learned members of the supreme court would be confused by submitting a second question arising out of the same subject matter as the first.

We also find it difficult to agree that "all that can be asked is a hypothetical question" because there is no provincial legislation to be referred. The question we desire answered is not one of provincial but of dominion jurisdiction.

You have been informing the provinces for a year that if they or any of them expressed a willingness to take over rent control you would put them in the field, tomorrow, I believe was the expression used. It is to obtain a ruling placing beyond doubt your power to carry out your undertaking and put a single province in the field that we requested a reference to the supreme court.

Your argument that a reference to determine the legal position of landlords and tenants of Saskatchewan might delay a decision on the main issue comes strangely from yourself, as you are already on record as holding the opinion that the question can be answered only in one way as there is no reasonable doubt of the legal position. Surely if you are correct in your view the supreme court justices will be able to reach that decision as quickly as your law officers did.

Your refusal, however, to have the point passed on must be accepted as law; we cannot change it.

In the opinion of our government the recent order permitting heavy increases in rents, straight across the board, without consideration of the merits of individual cases is so inequitable and iniquitous that we must submit to your terms to have it annulled in Saskatchewan no matter how arbitrary we think those terms are.

Saskatchewan will therefore consent to the two orders being passed; one making the recent rent increases inoperative in Saskatchewan and the other making all federal rental regulations inoperative in Saskatchewan from and after April 1, 1950.

This consent is given because of the assurance of your law officers that the second order will be so drawn as to enable Saskatchewan to pass valid legislation respecting rent control.

The consent is conditional, however, on your assurance that if your law officers are at a later date proven wrong and it is held by the courts that we cannot enter the field you will take the necessary steps to put Saskatchewan back under federal controls. Inadequate as we think your regulations are we cannot permit a situation to arise where Saskatchewan will have no rental controls at all.

We agree that an amendment to the Continuation of Transitional Measures Act is advisable but do not think the amendment proposed in your letter is the appropriate one. We desire an amendment that will, inasmuch as dominion legislation can do it, put beyond question the power of the governor in council by executive action to confer legislative jurisdiction respecting rent control on one province or on any number less than all. We do not wish to confuse the main issue, however, and think the

Appendix

form of the amendment can be worked out later. We believe it should follow the general lines of the suggestions made in the house the other night by your colleague, Mr. Garson.

At a later date we intend to request you to renew your offer to pay the cost of provincial rent control. This would appear to be only fair and reasonable, if, for instance, Saskatchewan alone undertakes the work and relieves you of an item of expense you are incurring in the other provinces where rent control is left with the dominion.

It will therefore be in order for you to proceed with the two orders, on giving us the assurance that in the event of the courts finding that Saskatchewan control legislation is beyond our jurisdiction you will put Saskatchewan back under federal controls if any are in force at that time.

Yours sincerely,

T. C. Douglas

MINISTER OF FINANCE

Ottawa, December 8, 1949

Hon. T. C. Douglas,
Premier of Saskatchewan,
Regina, Saskatchewan.

My dear Premier:

Thank you for your letter of December 6, which I have discussed today with my colleagues in the government.

Pursuant to your request and in accordance with the announced policy of the government, the wartime prices and trade board is today issuing an order which makes orders 813 and 814 of the board inoperative in Saskatchewan and revokes the wartime leasehold regulations in their entirety as they apply to Saskatchewan as from April 1, 1950.

If it is conclusively determined by the courts that legislation enacted by the legislature of Saskatchewan, with respect to landlord and tenant relationships, is invalid because and only because regulations of the federal government remain in effect elsewhere in Canada, the federal government will take the necessary steps to put Saskatchewan back under then existing rental controls.

We shall be prepared to consider a request that the federal government pay the cost of administering provincial rent control in Saskatchewan for a period not exceeding one year. You will understand, of course, that any agreement would be subject to approval by parliament.

Yours very truly,

D. C. Abbott

OFFICE OF THE PREMIER
PROVINCE OF QUEBEC

Quebec, December 7, 1949

Hon. D. C. Abbott,
Minister of Finance,
Ottawa.

Mr. Minister of Finance:

Today, at our first meeting held since Wednesday last, the members of the executive council of the province took cognizance of your letter dated December 2, delivered at my office on the 5th of the same month, concerning federal rent control.

We reiterate each and every one of the statements contained in the letters which we wrote to you on the subject, particularly the two following paragraphs of our letter of November 30 last:

"Far from offering to the province the full exercise of its rights in this field, the federal government continues to render the full exercise thereof practically impossible.

"We respectfully suggest to the federal government that it should modify its attitude and make it consistent with the rights of the provinces and with the rights of the people concerned. By removing, as you could easily do, the further and grave difficulties which you have added to the difficulties inherent in the problem, you would help solve the question rather than make it more complicated and more difficult. As to the present government of the province of Quebec, it is always ready to assume its responsibilities, but it desires that the federal government assume its own without any further delay."

Yours sincerely,

M. L. Duplessis

MINISTER OF FINANCE
Canada

Ottawa, December 8, 1949

Hon. Maurice L. Duplessis,
Premier of Quebec,
Quebec.

My dear Premier:

I acknowledge and thank you for your letter of December 7 on the subject of rent control.

Kindest personal regards.

Yours sincerely,

D. C. Abbott

HOUSE OF COMMONS

Saturday, December 10, 1949

The house met at eleven o'clock.

UNEMPLOYMENT

INQUIRY AS TO PUBLIC WORKS PROGRAM

On the orders of the day:

Mr. M. J. Coldwell (Rosetown-Biggar): Mr. Speaker, may I ask a question of the Minister of Reconstruction and Supply? Has the government an adequate shelf of public works ready, which may be used to relieve increasing unemployment in certain parts of Canada this winter? If so, will the minister give the house a statement regarding preparations made for the undertaking of a necessary works program?

Hon. Robert H. Winters (Minister of Reconstruction and Supply): I thank the hon. member for having given notice of his question. As I informed the house on Wednesday, and more specifically as recorded in *Hansard* at pages 2843 and 2846 in reply to questions asked by the hon. member for Greenwood (Mr. Macdonnell), and in the report of the Department of Reconstruction and Supply for the year ended March 31, 1949, the government has a program of public investment which is being and will be used from time to time as conditions may warrant.

The answer to the hon. member's second question will be found largely in the reference cited in reply to the second question asked by the hon. member for Greenwood. Contracts are being placed in accordance with usual government practice.

POSTAL SERVICE

SALE OF NEW STAMP ISSUES TO COLLECTORS

On the orders of the day:

Mr. W. Chester S. McLure (Queens): Mr. Speaker, I should like to ask a question of the Postmaster General or the Minister of Finance. Is there a regulation of the Post Office Department prohibiting the sale of the new issues of stamps to stamp collectors, or does the foreign exchange control board prohibit the sale?

Hon. Douglas Abbott (Minister of Finance): The answer to the second part of the question is that the foreign exchange control board take no action in the matter. I shall bring the first part of the hon. member's question to the attention of the Postmaster General.

SUPPLY

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

DEPARTMENT OF AGRICULTURE

Special—

31. Major irrigation and water conservation projects in the prairie provinces, $7,500,000.

Mr. Boucher: Mr. Chairman, in view of what has been said on this very important subject concerning the large project on the South Saskatchewan river, I believe I should make a few observations at this time. Irrespective of what has been said by some hon. members opposite, I am sure the Minister of Agriculture is doing all that can be done to have this great project under way as soon as possible. In saying this I know I express the feelings of the people in Rosthern constituency. During the last election campaign I told the people in that constituency about the amount of money that had been placed in the estimates for this year, and the fact they have re-elected me with an increased majority proves that they are satisfied with what is being done

This is a very important project, one that will mean much not only to Saskatchewan but to all of Canada. I am sure the minister is anxious to have this important undertaking proceeded with without delay. It surprises me to find some hon. members from my own province criticizing the minister —and I think it will be agreed that when I say "criticizing" I am putting it mildly. I believe it is the duty of each one of them to back the minister to the hilt in his efforts in connection with this project. It is such a big thing and so important that I feel it should be above party politics. I appeal to all members to support the minister in his efforts to assist Canadian farmers.

Item agreed to.

32. Prairie Farm Assistance Act administration, $500,000.

Mr. Charlton: Do the provinces make a contribution toward the payments made under this act?

Mr. Gardiner: The provincial governments as such contribute nothing toward the payments made under the Prairie Farm Assistance Act. The taxpayers of Canada pay what is required over and above the one per cent charge on grain delivered to the elevators.

Mr. Coldwell: The levy on the farmer is the core of the fund, is it not?

Mr. Gardiner: No, the core of the fund is taken out of the treasury.

Mr. Coldwell: What are the figures on that?

Mr. Gardiner: About $2 is taken out of the treasury for every $1 paid in by the farmers. Those are the percentages over a period of years; but some years it is three to one and there have been years when it was four to one.

Mr. Hatfield: Why should not the provinces in which these payments are made contribute to this fund?

Mr. Gardiner: We feel that in handling it as we do the federal government is paying at least its share. If anything beyond what we are doing has to be done, then the provinces ought to pay.

Item agreed to.

33. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,700,000.

Mr. Charlton: Can the minister give us the amount of cheese now in storage and the amount that was shipped this year to Great Britain under the contract?

Mr. Gardiner: The amount shipped to Great Britain was 50 million pounds and the amount in store is about 17 million pounds. We do not consider that to be in the nature of a surplus, as surpluses have been discussed from time to time. It will be remembered that in 1948 it was asked whether we intended to requisition cheese, and the answer I gave was that we hoped that we would not be required to do so, that we would get the necessary deliveries of cheese without requisitioning. But we did not. There was little if any cheese delivered to us before July 21, 1948. We requisitioned cheese from that date onward, and any cheese we did obtain for the British contract was obtained through requisitions. But that did not nearly fill the British contract. I doubt very much if we would have been able to fill the British contract even though we had requisitioned right from the beginning, because at that time surplus milk was going into cans rather than into cheese.

In the spring of 1949 we were asked for permission to ship cured cheese to the United States to be sold at a higher price, but we took the position that cured cheese could be sold quite readily on this market, thus releasing more of the fresh cheese for the British market. The result was that that cured cheese was sold on this market with the result indicated. Our contract called for 50 million pounds. The British refused to take any more, and as a result there are some 17 million pounds on our hands at present. We do not consider that a surplus, as we hope to have another contract at the beginning of the year under which we can go on delivering.

Mr. Charlton: What are the production figures to date as compared with last year?

Mr. Gardiner: I have not the figures, but they are considerably higher.

Mr. Cardiff: Just how is this money used to assist cheese and cheese factories?

Mr. Gardiner: The assistance given to cheese producers is of two kinds. First, we pay fifty per cent of the cost of putting in storage facilities for the ageing of cheese. As most hon. members know, cheese must be kept for ninety days before being put on the market, and special storage must be provided in order to keep it properly. In an effort to encourage plants to put in the best type of storage and thus produce a better product, we have agreed to pay fifty per cent of the cost. Then we have a program of premiums of one cent on 93 score cheese and two cents on 94 score cheese.

Mr. Cardiff: That goes to the producer?

Mr. Gardiner: That goes to the producer, and also the other in an indirect way.

Mr. Coldwell: Did the British take all they agreed to take?

Mr. Gardiner: Yes.

Mr. Charlton: Is the dominion government taking part in the province of Ontario scheme for the building of storage for cheese? I think $1 million is being spent this year in that way.

Mr. Gardiner: If it is the type of storage provided for under this item, our assistance would be given. If it is the type of storage provided for under the Cold Storage Act, organizations of a certain type would be able to get assistance. I am not so sure that we give assistance directly to the provincial governments, but we do give it to co-operatives, individuals or companies that are establishing cold storage facilities.

Item agreed to.

34. To provide assistance for the replacement of maple production equipment, $500,000.

Mr. Hatfield: Where is this money being spent, and what is the explanation for the increase?

Mr. Gardiner: Around 1936 or 1937 the United States threatened to prevent the entry of our maple products into that country because some form of lead poisoning had been discovered. Investigations showed that

this was the result of the sap being allowed to sit in buckets which had a lead coating to prevent rust. As a result all maple products going from Canada to the United States were for some time limited in use to the manufacture of tobacco for cigarettes.

In order to overcome this difficulty, and also the possibility of lead poisoning in maple products on the Canadian market, the government agreed to a three-way plan to remove all the old equipment from the maple products industry of Quebec where most of this difficulty had been experienced. We agreed to pay one-third of the cost, the provincial government agreed to pay one-third and the producer was to accept one-third. Over the years there has been a shifting from that type of equipment to some other type, and this has not been completed.

Mr. Hatfield: That has been going on for how many years?

Mr. Gardiner: There were some expenditures in 1940-41, and these dropped in 1941-42 because of the war and our inability to obtain equipment. The expenditures were as follows:

1940-41	$106,000
1941-42	12,000
1945-46	87,000
1946-47	194,000
1947-48	203,000
1948-49	360,000
	$964,000

That is our third of the cost. The others have put in an equal amount, and this vote is to cover our share for this year.

Mr. Lennard: When is this going to end? I understood a few years ago, when this item was first introduced, that over a period of years the situation would clear up. If it keeps on for many more years we shall be replacing replacements.

Mr. Gardiner: We do not replace replacements. One old type of equipment—perhaps I should say it was a new type—is taken out, and of course there is no further replacement of the equipment. The equipment that is being put there does not have a lead covering. Aluminum is going in in its place, and lead solder is not used. This will not be mistaken for the other. In answer to the other part of the question, it was thought when we started that we would finish this in about three years. If you will take a look at the figures I have given, you will find the amount of $300,000 for three years might have been sufficient under the circumstances. We could not get the equipment at all during the war, and therefore we could not go on with it. Now we are taking up the slack and trying to finish it. The amount will be about the same, except that it is increased by the increase in the cost of the material.

Mr. Cardiff: Is production going up or down?

Mr. Gardiner: Production is on the increase.

Mr. Charlton: What is the total amount of money that has been spent over the past number of years?

Mr. Gardiner: I just read the figures. The amount spent by us up to date is $964,474.64.

Mr. Charlton: That means that pratically $3 million has been spent in sap buckets alone.

Mr. Gardiner: Not buckets alone; it is vats, boilers and everything of that kind. They had the same kind of covering.

Mr. Charlton: Has any of that money been spent in eastern Ontario?

Mr. Gardiner: So far as I know they do not have the same problem. The difficulty was in an area of Quebec.

Mr. Charlton: Surely they are not using one type of sap buckets in Quebec and another type in Ontario. Surely this situation is not going to go on and on.

Mr. Gardiner: There has been no application from Ontario. They are eligible if they want to apply for it. So far as I know, it is not a problem there. My memory of the sap buckets in Ontario is that they are pretty badly rusted.

Item agreed to.

35. To provide for administrative expenses, Agricultural Prices Support Act, 1944, $60,000.

Mr. Quelch: Section 9 of the Agricultural Prices Support Act expires on March 31 of next year. Has the governor in council the power to continue the act in force without the passing of the resolution that is on the order paper?

Mr. Gardiner: Without the passage of the resolution on the order paper it remains as it was, which means that the government makes the decision from time to time as to what the date is.

Mr. Quelch: Then all the resolution actually does is to set a cut-off date; in other words, the act expires at the end of the life of the present parliament.

Mr. Gardiner: The resolution does not do anything, because the minister in charge of the business of the house announced the other day that we were not putting the resolution through, so there will be no bill based upon it.

Mr. Hatfield: How much money has been spent under this act in the last year, and for what commodities?

Mr. Gardiner: I wonder if my friend will wait until we reach item 42, which provides the funds. This item is just administration.

Item agreed to.

36. To reclaim and to prevent the flooding of valuable agricultural lands in the valley of the Lillooet river, near Pemberton, B.C., $312,000.

Mr. Fulton: Will the minister make a brief statement about the progress of the work to date and what it is intended to do next year?

Mr. Gardiner: Our expectation is we will be finished with it before the end of this financial year. There is always the possibility there will be some hang-over on it, but it will not be very much.

Mr. Fulton: By March 31 next?

Mr. Gardiner: Yes. As a matter of fact, I think it is practically completed now.

Mr. Fulton: The lake has been lowered, but I understand there is still considerable ditching and diking to do in the upper areas. With winter now on, my impression is it will not be completed this year.

Mr. Gardiner: I understand that is in the project which is partly financed by the provinces, partly by ourselves, and partly by the individuals concerned. I am speaking from memory on that. My hon. friend probably knows the local circumstances better than I.

When we started on this project we undertook to do certain work at the expense of the federal treasury. When we had, as we thought, pretty well completed it, the province agreed to assist in the plan from there on to the extent of about one-third, generally speaking. The persons who are on the land are also bearing some of the expenditures. I believe most of that work is ditching and the other work to which reference has been made. In any case I will check it and make sure what the position is.

Item agreed to.

38. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $200,000.

Mr. Charlton: Will the minister explain where the new lands are being brought into production?

Mr. Gardiner: If one reads the vote carefully, it will be seen it is not entirely confined to new lands. The first part is land protection and reclamation. Then there is a semicolon, and from there on it is another item dealing with new land. It may be used for either purpose. It was the intention that we would be prepared to support—I think the first vote was $200,000—applications from any province where the province was prepared to pay a certain amount, and probably the individuals concerned would be charged with a certain amount. During the first two years we had no applications from anybody which conformed to the terms of the vote. This matter was discussed every year and suggestions were made that we ought to make expenditures. Last year I said if we had no applications from anyone I would not put the item in again. The result of that suggestion was that we received an application from Manitoba, and we are spending some money this year in co-operation with the government of that province. They actually take charge of the doing of the work, and we are paying dollar for dollar towards work in the Dauphin area. The Manitoba government is carrying on the operation. That is the only work that has really taken place under this provision up to the moment.

Mr. Black (Cumberland): Before the item carries, I should like to ask the minister what the total expenditure has been for protection of farm lands in the Fraser valley because of damage caused by floods. From a return brought down I find that expenditures have been made by the departments of transport, public works, trade and commerce, and agriculture. The amount estimated as being required runs to more than $11 million. Will the minister make a statement as to how much money has been expended by all departments, and what further estimate is necessary to complete the work?

Mr. Gardiner: All I can say with regard to it is that none of the work is done under the Department of Agriculture. I presume it was done by the Department of Public Works, and some of the others. None of it was done under the Department of Agriculture, and I have no information.

Item agreed to.

40. Maritime Marshland Rehabilitation Act, and necessary surveys in connection therewith, $400,000.

Mr. Black (Cumberland): I should like a report from the minister as to marshland reclamation. The marsh owners are grateful to the department for what they have undertaken, but there is considerable criticism about the delay. A large amount of surveying has been done. A new superintendent, connected with prairie farm rehabilitation, has been assigned to that work. I think his name is J. S. Parker. While he was a stranger to the marshowners, and there were some misgivings as to his experience and

ability to deal with this very special work, I think he has been well received and that his plans will work out reasonably well; at least that is the hope of the marsh owners. I should like a statement from the minister as to how much money has been expended on the protection works up to the present, and I should like also a statement as to the report and representations sent in by Mr. Parker.

Mr. Gardiner: The gross expenditure on the dikelands in the province of Nova Scotia covering the period from April 1, 1948, to March 31, 1949, totalled $101,616.73. Administration costs were $3,026.33, making a total of $104,643.06. Total actual expenditures in New Brunswick were $49,823.93 and administration costs $2,132.20, making a total of $51,956.13. If the hon. member desires these details on record I imagine the committee will agree.

The Chairman: Is that the pleasure of the committee?

Some hon. Members: Agreed.

Mr. Gardiner: The details are as follows:

Statement of expenditure on dikelands in province of Nova Scotia

Covering period from April 1, 1948 to March 31, 1949

Project No.	Name of body	Gross expenditure
17	Belleisle, Annapolis Co.	$ 39,168.36
57	Grand Pre, Kings Co.	5,239.09
59	Goose bay, Yarmouth Co.	111.75
67	Minudie big marsh, Cumberland Co.	396.35
72	Barronsfield new marsh, Cumb. Co.	653.00
74	Allan river, Annapolis Co.	613.55
81	D. Harrison, Cumberland Co.	3,731.01
82	Windermere, Annapolis Co.	536.70
83	Beckwith, Kings Co.	8,107.92
84	Elderkia, Kings Co.	11,099.06
88	Delancy, Annapolis Co.	2,922.47
89	Gilbert Sanford, Hants Co.	1,195.68
90	Frank Kralick, Cumberland Co.	107.83
91	Ryerson, Annapolis Co.	1,917.57
92	Dugau, Annapolis Co.	602.31
93	Queen Ann, Annapolis Co.	3,122.96
95	Spicer, Cumberland Co.	776.49
96	Cleveland Field, Cumberland Co.	499.90
97	Advocate, Cumberland Co.	2,450.46
98	Moschelle, Annapolis Co.	603.25
99	Jubilee, Colchester Co.	1,895.20
100	Town of Annapolis, Annapolis Co.	817.58
101	Crowell, Hants Co.	779.50
102	Anthony, Cumberland Co.	600.75
103	Fulton, Cumberland Co.	326.00
104	Rickerson, Annapolis Co.	368.25
105	Bird and Lawrence, Cumberland Co.	322.50
106	Bird, Ripley and Reid, Cumberland Co.	472.50
107	Forest Aboiteau, Cumberland Co.	442.24
108	King's and Colonel's, Colchester Co.	3,511.36
109	Oakland, Hants Co.	284.70
110	Morse, Annapolis Co.	553.49
111	New Marsh and Ox Bow, Colchester Co.	235.03
112	Rector, Cumberland Co.	1,781.21
113	Rosette, Annapolis Co.	211.12
114	Falmouth village, Hants Co.	5,109.59
115	Trenholm, Cumberland Co.	50.00
	Total	$101,616.73

The administration expenditure at head office, Nappan, was $3,026.33 or 2·978 per cent.

Gross expenditure	$101,616.73
Administration cost	3,026.33
Total	$104,643.06

Certified correct, April 16, 1949.

Statement of expenditure on dikelands in the province of New Brunswick

Covering the period from April 1, 1948 to March 31, 1949

Project No.	Name of body	Gross expenditure
31	Lower Coverdale, Albert Co.	$ 888.19
47	Log lake (dike), West. Co.	298.13
50	Great marsh, West. Co.	1,069.91
51	West marsh, West. Co.	127.50
55	Upper dike body, Albert Co.	4,449.41
56	Gautreau village, West. Co.	3,352.72
58	Germantown body, Albert Co.	7,007.83
59	George & Hicks, West. Co.	920.32
60	Chartersville, West. Co.	1,454.27
63	Harry Lirette, West. Co.	568.75
64	Great dike (Hopewell hill), Albert Co.	4,949.50
65	Tingley, (W. W.), West. Co.	117.00
66	Carter & Maxwell, West. Co.	1,614.26
67	Westmorland (Baie Verte), West Co.	195.55
68	Chester Upham, West. Co.	273.25
69	Edward Leger, West. Co.	295.00
70	Log lake (canal), West. Co.	2,872.23
71	Bear island, West. Co.	2,344.60
72	Earl Trenholm, West. Co.	234.00
73	Coyle (Gayton Sta.), West. Co.	599.85
74	Westcock, West. Co.	584.43
75	Body No. 1 and No. 5, West. Co.	112.30
76	Commons canal, West. Co.	1,521.72
77	Forks, West. Co.	56.45
78	West marsh, No. 3, West. Co.	1,208.60
79	East Cole's island, West. Co.	168.80
80	East Cole's island (Vent) West Co.	52.10
81	South-east, No. 3 (Aulac), West. Co.	416.44
83	Fox creek, Dist. No. 3, West. Co.	11,245.80
82	Aulac No. 1, West. Co.,	825.02
		$49,823.93

Head office, Nappan, administration cost, percentage cost of gross expenditure, 4·2795 per cent.

Gross expenditure	$49,823.93
Administration	2,132.20
Total	$51,956.13

Certified correct, April 16, 1949.

Mr. Black (Cumberland): Could the minister tell the committee what recommendations have been made by Mr. Parker for 1950 and succeeding years?

Mr. Gardiner: The total expenditure recommended by Mr. Parker for the coming year is around a million dollars. That recommendation has not yet been considered or passed upon. Would the hon. member desire the locations?

Mr. Black (Cumberland): Yes.

Mr. Gardiner: Then I would ask permission to place these on *Hansard* also.

Some hon. Members: Agreed.

Mr. Gardiner: The list to date is as follows, and others will be submitted when the engineering reports are completed:

Nova Scotia

Falmouth marsh
Truro dikeland park marsh
Victoria Diamond Jubilee marsh
Grand Pre marsh
Saulnierville marsh
Dentiballis marsh
Queen Anne marsh
Dugau marsh

New Brunswick

Westcock marsh
Dixon Island marsh
Lower Coverdale marsh
Allison marsh
Middle Coverdale marsh
Belliveau village marsh
Beaumont marsh
Pre d'en Haut marsh

Prince Edward Island

Johnson River marsh

Mr. Black (Cumberland): While the marsh-owners and general public are very appreciative of what has been done, they are somewhat critical of the delay. Some of these aboiteaux and outlets that not long ago were perhaps four feet wide and two or three feet deep in some places are now fifty feet wide and twenty-five feet deep, and the cost of repairing those breaks and protecting the land is a hundred times more than it would have been if the work could have been done when the recommendations were first made; and it is getting worse all the time. That is just in one area a few miles from the town of Amherst, where thousands of acres have been flooded.

Photographs have been forwarded to me showing storage barns with the tide about halfway up between the sills and the eaves, with the entire area flooded. That shows how urgent it is that this work be proceeded with. In that area we have the most valuable marshland in the maritime provinces, and the farmers are getting discouraged. Recently they had a meeting; they are prepared to co-operate with the department, but they want action now so that this damage will be repaired and the marshlands protected and made available to them for agricultural purposes.

[Mr. Black (Cumberland).]

I would ask the minister if any decision has been arrived at with respect to the experimental station taking over certain areas of this unreclaimed land and building it up for grazing land and the production of hay. It is quite generally felt that this should be done as an example or model for the whole countryside.

Mr. Gardiner: As the hon. member knows, ten acres at the farm are being utilized for that purpose now. We have not contemplated taking any more land; we figured the work could be done on the ten acres, and are operating in that way.

As to the other matter, I am pleased to learn that our engineer has proved acceptable to the people and that they believe he is doing a good job. The hon. member will recall that when I was down in Nova Scotia last year there was considerable discussion as to the possibility of putting in aboiteaux as the old-timers had done perhaps a hundred years ago. They took me out to see one of these aboiteaux which I believe was put in under the direction of one of the old-timers who knew how it had been done in earlier years. He was too old himself to work on it, but he directed the operation. They followed that old method until they reached a height which they thought was above a water level that would do any damage; and when they reached that height they began to use modern equipment and methods and bulldozed the earth in.

When I was there, however, it was evident that this work was going to go out. That was an experience we had to pay for, and it was thought we should proceed more slowly until we obtained more knowledge as to how best to proceed, particularly if we are to use this modern equipment to put in these structures. In addition I understand the tide this year was the highest in the past seventy-five years, and that has been responsible for some of the damage. I quite agree, however, that if we are to avoid further damage of that kind in high tide years we must get along with the work as rapidly as possible.

As to the latter part of the question, our policy has been to take responsibility for putting in the main dike that keeps out the sea, and to that extent we have maintained certain areas as to which perhaps a definite decision has not been made with respect to how those living behind the dikes are going to handle the land, or how it will be handled by the provincial government. We figure our main job is to keep out the sea, however, and we hope to get along with that work as rapidly as possible.

Mr. Black (Cumberland): If I may offer one other suggestion it would be that the department, through Mr. Parker, take steps to devise and build special machinery to excavate these small ditches the farmers used to dig by hand. It is impracticable now to get labourers to do this work; it must be done by machinery. I feel that quite large sums could be made available as an incentive to practical men, who have been accustomed to working this marshland, to devise machinery that might be useful in this work. These small ditches cannot be dug by hand at today's costs; they have to be dug by machines. So far as I know, no such equipment has been developed which is acceptable. I believe most of the owners of marshland feel that machines of this kind can be developed.

Mr. Gardiner: I understand that New Brunswick has a machine which is fairly satisfactory. At the experimental farm we are working on machines which we hope will prove to be satisfactory. This development may reach a satisfactory conclusion with the support of the provincial people. I know the hon. member is acquainted with the fact that we have already purchased some machines for the larger works, such as putting in dikes. Those machines might be available.

Item agreed to.

41. For assistance in construction of potato warehouses under regulations to be approved by the governor in council, $100,000.

Mr. Douglas: Mr. Chairman, I should like to ask the minister what portion of this $100,000 has been spent in the last few years on the construction of warehouses, and whether any applications for assistance have been received from the provinces.

Mr. Gardiner: I believe I am correct in saying that up to the moment no money has actually been spent. There was an arrangement with the province of Prince Edward Island under which we were to spend dollar for dollar with the province. The arrangement was that when that money was spent, the warehouse was to be available to the producers in the area. The province has been suggesting that its portion of the money be collected and repaid. We have not accepted that suggestion up to the moment. We have taken the position that our donation, and the provincial donation, ought to be dealt with in the same way, whichever way that is.

When the dominion put through the legislation in the first instance, there was no intention of collecting the money and returning it to the treasury. We have not asked this house for the right to collect it, and, as a result, no payments have been made in Prince Edward Island. No agreement has been reached. There are applications for assistance from New Brunswick, Ontario and Saskatchewan, in connection with the building of warehouses for the storage of potatoes. These applications are being considered.

Mr. Hatfield: Some warehouses have been built under the arrangement.

Mr. Gardiner: Some warehouses have been built, but we have not paid out any money to Prince Edward Island. We may have paid some in New Brunswick.

Mr. Hatfield: All the warehouses have been built in Prince Edward Island.

Mr. Gardiner: They have been built, but presumably they were built under directions of the provincial government. Up to the moment, we have considered that the provincial government has not carried out what we thought was the arrangement. We have not paid any money, therefore, but the warehouses are built.

Mr. Hatfield: From whom have the applications from New Brunswick come?

Mr. Gardiner: I understand the communications from New Brunswick are still in the form of requests for information about the plan. No actual application has been received as yet.

Item agreed to.

42. Agricultural Products Act—to provide for losses incurred in respect of the purchase, sale and export of agricultural products under the Agricultural Products Act, including authority for the Minister of Finance, at the request of the Minister of Agriculture, from time to time, to pay amounts in the aggregate not exceeding $40 million out of any unappropriated money in the consolidated revenue fund as recoverable advances, $100,000.

Mr. Coldwell: I believe this is the appropriate item under which to ask the question I have in mind, since it deals with the export of agricultural products. It makes provision for the amount the Minister of Agriculture may call upon the Minister of Finance to supply. I believe the house should have some knowledge of the startling charge made by the Minister of Agriculture, in his reference to the export of our farm produce and other products to the United Kingdom. I have not the report from the *Globe and Mail*, to which the minister objected but I have the report which appeared in the *Citizen* and which he accepted. The headline stretched across the paper—"Startling charge by Gardiner about U.K.". It goes on to say that he addressed a board of trade dinner at Brantford, and I quote:

—he recalled that prior to the second world war, Canada was Britain's chief source of wheat and

apples, and also supplied considerable quantities of pork, cheese, beef and other foods. During the war Canada became Britain's chief supplier of pork, eggs and cheese, and also shipped large amounts of beef and milk.

This is the important paragraph:

"During the last two years," he said, "a very decided official effort has been made to drive every one of these products excepting wheat off the British market. And now that the four-year wheat contract is drawing to a close an effort is being made to drive off a considerable part of our wheat as well."

It seems to me that this is a serious charge. It is alleged there is an official move in Great Britain to drive Canadian products off the British market.

My understanding, from what the Prime Minister said yesterday in his discussion of the $3 million bonus for shipping losses, was that the restriction of trade between the two countries was due to the dollar shortage, and that it was our problem as much as a problem of the United Kingdom. In other words, they will have to supply us with goods in order that we may sell our farm produce overseas. I should like to remind the minister that on July 1 of this year a budgetary provision came into effect which greatly restricted the export to Canada of such things as piece goods. A few days ago I was introduced to a gentleman by one of the supporters of my hon. friend, and he told me he was the export director of a large shoe company in Great Britain. He told me that if I wanted to buy a pair of British shoes, and lived in Windsor, I could buy them cheaper in Detroit because the Canadian tariff was four times as high as the United States tariff on his product—shoes.

A short time ago I asked the minister whether the British took as much cheese as they had contracted to take, and the answer was yes. We have now lost the British market in other respects. It is true the British are looking more to the sterling areas for goods, because they have the sterling with which to buy those goods. That is not the whole story, however. Over the last two or three years I have followed this trade matter rather carefully.

Take, for example, the position as to bacon. The minister has often said that we supplied Britain with vast quantities of bacon during and since the war. He has said that Canada has fulfilled the understanding we had with Great Britain with regard to the supplying of bacon. I have some figures before me concerning this aspect of the matter. In 1946 Britain expected to receive 450 million pounds of bacon from Canada, and we sent 286 million pounds. In 1947 the British expected 350 million pounds, and we sent 232 million pounds. In 1948 the British expected 195 million pounds, but we failed to deliver anything like that amount. I believe the contract this year is for 160 million pounds, and according to a return that was tabled in the house, we sent only 14 million pounds in the first three months of the year.

I looked up the trade statistics of the Department of Trade and Commerce issued by the bureau of statistics yesterday. On page 3 of their report, dealing with trade up to the end of September, I found that we had exported to Great Britain about 28 million pounds of bacon. It seems to me that unless the minister can tell the house what the official action of which he complains is, a statement of this kind is something to which objection should be taken by all members of this House of Commons. It certainly does not make for good relationships. The minister will recollect that in 1948 we agreed to send 195 million pounds of bacon. We also agreed to send a quantity of beef. The American market was good for beef; we had available more bacon than we expected in the earlier part of that year, and the British agreed at our request to take 29 million additional pounds of bacon in lieu of beef, making 224 million pounds altogether. What did we ship that year? We shipped 176 million pounds. The minister complains that there is in Britain an official attitude to drive our products off the market. I presume that the British, who want to maintain their meat ration, are looking for a constant supply. We have been unable to maintain that constant supply or live up to the understandings—I use the word "understandings" because I am not sure whether they were agreements or not; but they were understandings. These figures I have used have been gathered carefully, and I know they are correct—I think the minister's own figures will verify them—as to the understandings and the amount that was sent.

We are losing the United Kingdom market, and we are losing it for two reasons.

An hon. Member: We have lost it.

Mr. Coldwell: All right; that is the hon. member's opinion. I will not go that far. I think we are losing it for two reasons. One is our failure to fulfil understandings of such importance to the British people. The second, of course, is the maintenance of a relatively high tariff. When the Geneva agreements were made two years ago some of us in the house urged the government to use one of the escape clauses in the agreement so that we would not have to put into effect immediately the non-discrimination clauses in the treaty. As hon. members will recall, we had a year's grace; and if the exchange situation was bad, we could ask for a further

extension of time. But the government put the whole treaty or agreement into effect immediately; and may I say that while that agreement has been on the order paper it has never been ratified by the House of Commons.

The committee should have a knowledge of the facts on which the minister based this statement. If there is an official attitude to drive Canadian products off the British market, he should take the committee into his confidence. This is a serious matter. It is particularly serious because of the manner in which Canada went to the assistance of the overseas countries during the war, and because of the manner in which we changed our economy in many respects during the war to meet the overseas needs. I think the people of Canada should know on what the minister's statement is based.

If, on the other hand—and this appears to me to be so from all that I can read—this stems purely, or mainly, from a dollar shortage, then I think that Canada should endeavour to co-operate with the sterling and other areas and should endeavour, through international organization, to set up a plan whereby we might bring about the convertibility of our various currencies, or even go to the extent of finding an international currency that would enable us to trade with one another. After all, the world is short of food—it is always short of food—and Canada is a great potential provider of food. If we lose the only markets we have, and there is no possibility of finding sufficient new markets, what will be the condition in this country within a few years?

I greatly regretted that Canada did not support the proposal made recently at the United Nations for dealing with surplus foods. I notice that the president of the Canadian Federation of Agriculture, Mr. H. Hannam, was of much the same opinion. He said recently:

> Farmers want some assurance of stability in markets projected ahead a few years to enable them to plan their production with confidence. With this view, we found the farmers of all countries in complete agreement.

He went on further to say:

> Our Canadian federation put a proposal for moving embarrassing surpluses into consumption before the international federation of agricultural producers at Guelph and it was unanimously endorsed. It proposed the setting up of an international agency and fund to take surpluses, arrange for their sale to needy people at special prices, and have the loss shared between the fund and the supplying country.

That may not apply to our trade relationships with Great Britain, but it does apply to dealing with potential surpluses of foodstuffs in this country in the next two years.

I was disturbed when I saw the minister's statement headlined in the *Citizen* the other evening; because, after all, trading relationships to some extent stem from good relationships in other ways. You can trade with people with whom you are not on friendly terms, but you can trade better if you are on friendly terms. I think this statement of the minister was most unfortunate, and I believe it was without any basis in fact with respect to the statement that there is an official resistance to Canadian products on the British market, except in so far as that resistance stems from the shortage of dollars with which to pay for Canadian goods.

Mr. Gardiner: In the first place, Mr. Chairman, there was no reason why anyone should have been surprised at the statement, because it has been repeated on the floor of the House of Commons; and I think those who pride themselves upon sitting in the house more days than other members do ought to be more familiar than anyone else with what is said in the house.

Mr. Coldwell: It has never been said in the house.

Mr. Gardiner: In addition, it was said before the chamber of commerce in London a year ago, and had publicity in every newspaper in Britain and in every newspaper in this country. I have a file—and it is so long that if I brought it into the committee and attempted to read it, we certainly would not get through tonight—of clippings from newspapers saying exactly the same thing, repeating what I said a year ago, not just within this last few days. The only thing I objected to at any time was a report which appeared in the *Globe and Mail*, in the copy which apparently most hon. members did not have, headed "United Kingdom wheat market threatened". In the article that followed, nothing is said with regard to the other foods which I discussed at Brantford, but everything I said with regard to other products was made to apply to wheat. It is that article that I objected to. I understand that the news staff of the *Globe and Mail* themselves found out it was wrong and got another report on the speech, before they published their second edition,—

Mr. Coldwell: I had not seen that.

Mr. Gardiner: —and they published it correctly. The first is the only report I made any reference to whatsoever. The gentleman who arranged for me to meet the Canadian Press is in the chamber, and he can correct me if I am wrong. We were meeting in a room in Brantford, and the Canadian Press phoned and asked if they could see me. I was communicated with through another. I said,

"Certainly," and their representative came right up to the room. I had written in my own hand the report which was given to him; if it had been fully published, it would have been a correct report of what I endeavoured to state. However, no Canadian Press reporter wrote it. Everything that is quoted in the Canadian Press report is quoted from a report which I handed to them. There was no reason why there should have been a wrong report in any paper, but I have yet to find a paper which published it all. The hon. member who is here, and who was there on that occasion, will agree with me that I took the report out of my pocket—it was in my own handwriting—handed it to him and said: "That in effect is what I will be saying." I said: "It is not my whole speech. It is a very short summary. I have a copy of it here in my own handwriting. In view of the discussion there has been about it, and the fact that it is short, perhaps I had better read it into the record. This is what I was trying to say, and what I think I did say—and I think I said it so that those who were there at least understood what I was talking about:

Mr. Chairman, I am pleased to discuss rural relations in Brantford. The city of Brantford is perhaps better known on the farms of Canada than any other city. The reason is that there is scarcely a farm in Canada that has not a farm implement or machine on it made in Brantford—

And I said, when I was speaking—"having the name of Brantford upon it."

No city has done more to supply up-to-the-minute farm equipment to the farmers than Brantford.

I went on to say that I thought Brantford a proper place to discuss rural relations with industrial cities.

It is estimated that well over $200 million is being invested by farmers in farm implements and machinery this year. Much of this is being purchased in the United States, and some people are advocating buying from the United Kingdom.

Prior to the second world war Canada was the chief supplier to the United Kingdom of apples and wheat and an important supplier of pork, cheese, beef and other commodities. During the war Canada became the chief supplier of pork, eggs and cheese, and a very considerable supplier of beef, milk, beans and other foods.

Until the fall of 1947 we had every reason to believe that our efforts to supply the British at low cost to them had been appreciated. We believe the British people still appreciate both our service and our foods.

During the past two years a very decided official effort has been made to drive every one of these products, excepting wheat, off the British market.

That statement appeared in some of the papers, and in some it did not.

Now that the four-year contract is drawing to a close, an effort is being made to drive off a considerable part of our wheat as well.

[Mr. Gardiner.]

In the report I have here it says "a major part". They had no reason for changing the word "considerable" to "major".

The farmers of Canada have been able to stand up against this deliberate onslaught—

I repeat the words "deliberate onslaught".

—only through the increased purchasing power provided in centres such as Brantford, a city producing farm implements.

I am a free trader and advocate the freest possible exchange of farm products for the necessities required on the farm. But when one is convinced that the other party to the trade has made up his mind he is not going to buy anything from us that he can avoid buying, free exchange is impossible.

If Canada's agriculture is to be threatened further in the "cold war" over exchange, even free trade farmers will have to advise all farmers to buy where they can sell. The only place where he can sell freely for the time being seems to be Canada.

That is the statement as it was handed to them.

Mr. Coldwell: May I ask the minister upon what evidence he bases that?

Mr. Gardiner: I shall give it. I have given it a dozen times, but I shall repeat it. I do not know why my hon. friend does not have it in his mind.

I have here a statement which appeared in the press of December 7, under the heading, "Coldwell claims session proving promises false". It says:

"There are others," he added. "For instance, a couple of weeks ago our Minister of Agriculture, Right Hon. J. G. Gardiner, opposed the United Nations proposal for feeding the world's hungry with food surpluses . . ."

That is the kind of statement, of course, which one might expect politically, but it ought to be based upon the facts. The facts as they have been given to this house over and over again, and over and over again to the country, and as every paper in Canada that I have been reading has published them, are that up until 1947 every representative of the British government who came here was bent upon securing all the food they could from Canada, and entered into contracts with us, which were fully understood by them, and fully understood by us, and fully reported to the house on every occasion.

I stated as early as 1939, and every session after that, that until the time the war started, the British did not believe we could produce in Canada enough foods of the types they required. Certainly they did not believe that we could produce bacon for the British people in any greater quantity than about 160 million pounds. We maintained that we could produce more than that, as the Conservatives before us had maintained that we could.

Mr. Bennett secured under the Ottawa agreements of 1932—written into those agreements—a figure of 280 million pounds of bacon. There was no way in which Canada could contract to deliver it, because under our federal system of government we have no authority to compel delivery to us.

So there was no opportunity for the government to make use of what other countries are able to make use of, namely, making a direct contract with the British government, and then compelling delivery to carry it out. We were not able to do that. But when the war came along we were able to do it. We compelled delivery under the War Measures Act.

Before the Canadian government entered into contract with the British government we stated over and over again at food conferences that we were going to prove conclusively to the British people that we could produce any possible amount they could take from us. I recall we produced over 700 million pounds in one year, when we had been told before that they were not going to expect more than 160 million, the quota insisted upon in 1936 under the Ottawa agreement. But when we battled under the preceding government and battled under this government we induced them to put the figure up to 280 million. By the time the war started we had almost reached 280 million pounds. After the war did start, by signing contracts with the British for 50 million pounds a year more than our officials estimated the farmers could produce, and more than the British expected to get from us, in every year we exceeded the contract. We exceeded it by more than 50 million pounds, until we got up to over 700 million pounds shipped over there within one twelve-months period.

When we got to that point the British government sent a man to this country, Mr. Scott Watson. He appeared before the farm associations, sometimes behind closed doors. I was present at the first meeting in Regina, when he made a speech behind closed doors. In that speech he told us clearly that when the war was over we were not going to be able to sell this amount of bacon in Great Britain. I think the words he used were, in effect, that when the war was over it would be necessary to trade bicycles for bacon in Denmark.

Mr. Coldwell: What official status did he have?

Mr. Gardiner: Representative of the ministry of agriculture in the government of Great Britain, and he still is an important official in connection with that same department.

Mr. Coldwell: Isn't he also a professor at Oxford?

Mr. Gardiner: He might be, but he was here as a representative of the ministry of agriculture. He had offices in Washington, and made speeches when I was present in Chicago and Regina.

Mr. Coldwell: But was he speaking as an official of the government?

Mr. Gardiner: Yes, he was speaking for the government and giving us information for the government.

Mr. Coldwell: Or as a professor?

Mr. Gardiner: He was speaking for the government; and I discussed his remarks too with farmers at Regina following his speech. But his statement was made officially to farmers right across this country. That was discussed for days at the meeting of the wheat pool delegates in Regina, and behind closed doors. I spoke myself immediately following Scott Watson, and I indicated to him just what I said at Brantford and elsewhere, namely, that if the British were to follow that policy they would experience difficulties in the long run.

The next step which concerned us was one which was widely and lengthily discussed in this house: whether we should get out of the production of meat and into the production of grain in order to save people from starvation. I am sure that there is no hon. member who was in the house at that time who does not recall that there was no opposition to the policy of getting right out of everything else and into wheat in order to save people from starvation—except from the government. We took the position that that was not a good policy to be followed here, in view of some things that were happening and were bound to happen in different parts of the world.

The result of that was that certain things happened at the FAO conference which I shall refer to in a moment; but first I should like to complete the record. When Lord Woolton was minister of food in Great Britain, when Sir Ben Smith was minister of food in Great Britain, when Mr. Hugh Dalton was chancellor of the exchequer in Great Britain—all those men met us in the spirit that the hon. member for Rosetown-Biggar has said we ought to be met with in Great Britain. Their effort was to take all the food that we had in surplus. As a matter of fact while Sir Ben Smith was minister of food we were told in London that they would take all the beef we could produce in Canada and pay the United States price for it. We

told them that we hesitated to believe that that policy could be followed sufficiently long to be a solution for any of our problems in the marketing of beef. We said we thought that certain price levels should be set, and certain price levels were set upon beef which did not necessitate any increase in the cost of living in this country. It was on that basis that we contracted to sell beef to Great Britain during that year.

Up until two years ago it is correct to say that all those who were in a position to direct policy in Great Britain were in favour of trying in every way possible to take the farm products of this country that we had been supplying during the war, and to finance them. I think most of them thought that they could find a way of financing these purchases. However, in the fall of 1947 that policy was changed. I am not going to attempt to say who changed it; hon. members can come to just as reliable a conclusion on that as I can, because they know what changes were made at that time. One of the outstanding changes was that we were told that there was great difficulty in finding dollars with which to pay for our food.

Mr. Coldwell: Was not that true?

Mr. Gardiner: It may have been true, but it did not give a basis for the statement that has been made that we have not been squeezed out of the British market. The delegation that came here in the fall of 1947 stated, in so many words, that they did not want any food products except wheat at any price, and that they wanted wheat at the price they were paying under the contract. We naturally said, and it has been reported to this house although not in as definite terms as I am stating it now—I think it is time it should be stated definitely—that if there was going to be no contract, there was going to be none. That meant that all our foods would have to be sold at the world market price. From that time on an effort was made to take more of our foods; but no matter how much discussion we had about it, it finally came down to the fact that they were prepared to take only cheese, bacon and eggs and in the quantities which we were certain we could send forward in spite of anything that might happen elsewhere.

We sat down as a result of that understanding and tried to figure the quantities but not as we had done earlier in the war. We could not go out to the farmers, as we had gone then, and tell them how much to produce to the limit for a market which existed. We figured it down to the last pound which we thought we had to get rid of in order to make it possible for our farmers to go on marketing at all in this country, even at reasonable price levels. I think everyone will realize that if you put back on this market 86 million dozen eggs; if you threw back on this market even the quantity of bacon we did send to Great Britain, or if you threw back on this market any of those other farm products, you would have lower prices, which might be beneficial to some people but would not be beneficial to the farming population.

We decided that the furthest we could go was to get rid of what we might feel was going to be a surplus. We agreed with the British—it was not put into writing—that we would cut that down as low as we could throughout the whole twelve months. In other words, we would sell all the products we could somewhere else, on the Canadian market or the United States market or somewhere else, provided that we could get at least as good a price for them as we had written into the contracts. We would go ahead and sell them, and if we sold them all we would not deliver anything to Great Britain. That is as they wanted it. I have no hesitation in saying that, no matter what anyone anywhere else may say. That is as they wanted it. They wanted those quantities reduced in the year 1948 down to nothing at all. There was no way of going out to the farmers of this country and telling them to produce more for the British market or more for the United States market; we had to be careful about what we said.

When we got along to the next year the British came and said: "We will take wheat and cheese, but we do not want anything else." There is no doubt about what they said. This matter has been reported both overseas and here and discussed quite fully. They said that they could not finance these purchases. Probably I am going a little too far in saying that they said they did not want them. Of course the British would like to have more food of certain types. They said they could not finance it, and for economic reasons they did not want it. They said that they did not want any. There is no doubt about how much it was; it was none at all.

We then said to them: "We can sell our cheese in the United States for more than what is proposed; why should you want to take only cheese." I am not going to suggest that that was the reason; nevertheless we were told that they could find dollars with which to buy cheese without depending upon ECA, but they could not find dollars with which to buy anything else without depending upon ECA. They could not buy other food products in addition to all the other things they were buying from Canada. They told us that if their desires were met, we would cut out eggs and bacon.

We kept up negotiations until they agreed finally to take 160 million pounds of bacon, which was exactly the figure they wished to take before the war. Under great pressure they finally agreed to make a contract for some 46 million dozen eggs, none of it in fresh shelled egg form. The price of shelled eggs in Poland, Denmark or any other country compared with ours does not mean anything. They did not agree to take any of our fresh shelled eggs at any price, and we have had to market them as best we could in the United States and Canada. I might say that up to now we have done a fairly good job of getting them marketed.

These are the facts. They do not want them. We are negotiating with them now and they do not want them. They do not want our eggs, and they do not want our bacon. They do not want any of them.

Mr. Coldwell: Is it because they do not want them, or because they have not the dollars to pay for them?

Mr. Gardiner: You can put it whichever way you like. They have much more to do with settling that question than we have.

Mr. Coldwell: There is a difference.

Mr. Gardiner: I have said in this report the British people still like our food and still want to take it, but I am pointing out to you that officially Great Britain does not want it.

Mr. Coldwell: Cannot pay for it.

Mr. Gardiner: The statement I have made is absolutely true. You can pick whichever official group you like to blame for it. I am not going to do the picking. That is the official position stated by no matter what official of the British government comes to this country, and no matter what official or minister of our government goes to Great Britain.

I presume it is an understanding of the facts that is wanted. I shall not attempt to say at the moment whether or not we are going to secure any contracts for 1950. All I am going to say is that discussions are still going on, and that is the environment in which they are being carried on. We are being told they just do not want it, and some say that we must go out and find some way of making it possible for them to have it. There are not very many ways in which you can do that. I think it is a kindly feeling on the part of Canadians when they say we should finance the sending of the food anyway when Great Britain needs it. But I should like to indicate what some people, who spend most of their time in Great Britain, think about what has been done and what might be done.

I have here a copy of an article written in *Canada's Weekly* a year ago, just after I made the speech I referred to at the beginning of my remarks. One of the paragraphs in that article is headed: "Canada was there when needed." This is an article printed in London, England; it is not something printed here. The article reads:

> Britain suffered tremendously in every way in the late war. None realized that better than Canada, which pioneered methods of assisting Britain to the utmost, financially as well as with her armed forces. In 1942 she made Britain a gift of $1 billion.

How many members of this House of Commons have forgotten that? This country gave Great Britain a billion dollars and said: Go and buy your food or anything else where you like. We did not even say that they had to buy it in Canada. We said: Here is a billion dollars, with no strings attached to it at all; go and buy anything you want, anywhere you want to buy it. This paper reminds the British people of that. It goes on to say:

> In 1942 she made Britain a gift of $1 billion and a year later a further $1 billion was earmarked for mutual aid.

All that mutual aid meant, as different from a gift, was that Great Britain was to buy the products in Canada. That was the only difference.

> In 1943, to provide Britain with vitally needed dollars, she repatriated $205 million of British equity of fixed capital of war plants in Canada. Before the United States advanced its loan—

The important word there is "before".

> —of three and three-quarter billions in 1945, Canada had already given Britain a post-war credit of one and one-quarter billion dollars. All this from a nation of only twelve million.

The trend of the article is to call attention to the fact, not in this country but over in Great Britain, that it is a pretty difficult task for twelve million people to undertake to feed, half feed or twenty-five per cent feed, fifty million people in Great Britain. If that is what is being suggested, then I am quite prepared to say if it is going to be done it cannot be done by the farmers alone.

Mr. Coldwell: I am not suggesting we should make a gift to Great Britain. I am looking at it from the point of view of trading with Great Britain in order that she may get the necessary dollars to spend for our produce.

Mr. Gardiner: Of course my hon. friend's view on this may be different from mine, but I am of the opinion that unless the public have all the facts we are not going to help trading very much. I do not care what the British people think about it. We are not dealing with the British people. We are not trading through the old methods we followed prior to the war. If we are going to trade

with Great Britain at all, we must trade through agreements made by the government. As long as we must trade through agreements made by the government, then the people of this country should know what the British officials think about it when they come here. What they come here and tell us is: We do not want your food. You can interpret the word "want" in any way you like. You can decide whether it means that they are not able to pay for it, or something else, but they say: We do not desire to have it from Canada.

That is what I said at Brantford. It is in accordance with the facts, and it has been said all through the last two years every time I have spoken in the house and out of it. It has been published in every newspaper in Canada at least a dozen times, and it has been published in papers which are now writing editorials wanting to know why I did not say it before—which means they do not think their own papers valuable enough to read them themselves. That can be proven beyond any possibility of doubt. If we were not so near the end of the session I would take the time to read them.

Coming down to the present position, we know what the Canadian people can eat if they have the money to buy. We have pretty well found that out during the last couple of years. If the Canadian people had not had the money with which to buy the food produced on our farms in the great quantities that they have, we would have had one of the most difficult periods in agriculture during the last two years that we have ever had, owing to the fact that we could not market our food products where we have always marketed them when we had surpluses, and where we think somebody ought to provide that we have a perfect right to market them yet. That is the position as clearly and briefly as I can state it.

Why have we been able to market our food products at home? One of the reasons is that we have taxed the people who are making big profits, either in trade, industry or elsewhere, to such an extent that we have been able to pay for high old age pensions, family allowances and other social services which have made it possible for the people to have high purchasing power. The other is the fact that the Department of Trade and Commerce has been searching every corner of the world for markets for our industrial and natural products, everything that we have to sell, and have secured considerable markets for them. They have not stopped there. They have tried to find markets for the surpluses of food we may have after our sales have been made to the Canadian public.

So, directly as a result of the policies introduced by the government in its various departments, our people have a higher purchasing power. My suggestion at Brantford was that we try to keep it that way, and that one way of doing it would be for the farmers, who have to sell practically all their food products in this country, to buy their farm implements where they are selling their products. I think that is what they should do, and that was my advice to them.

That is about all that was said there. I believe it met with a fairly good reception where it was said; and judging by my mail since that time I am quite satisfied that it has had a pretty satisfactory reception nearly everywhere. Therefore I am quite pleased to give the house the report that has been asked for by my hon. friend.

Now he wants to know what happened at Washington.

Mr. Coldwell: With regard to the British contracts, can the minister produce any letters or memoranda which would bear out the statements he has made? I have made some inquiries concerning these matters, and the information one gathers from the British papers and from British sources would suggest, to put it quite bluntly, that the minister's statements are not based upon the facts and are inaccurate.

Mr. Gardiner: I should be sorry if in order to prove it I had to read from the London *Times* and a number of other British newspapers, because they all said it and all admitted it. They all added that there was some difficulty in finding a solution, but they admitted that that is what is being done.

Mr. Drew: In what issue of the London *Times* did the editorial appear to which the minister refers?

Mr. Gardiner: I am afraid I shall have to read it. There were two editorials, as a matter of fact.

Mr. Drew: I think the last one is the issue the minister wants.

Mr. Gardiner: Yes. I have sent for it, and will read the editorial when I get it. In the meantime perhaps I can go on with the other question asked, as to the FAO.

The suggestion was that we did not support the proposal made at Washington for the marketing of surplus foods. I suppose an interpretation could be placed upon the position we took at Washington which would bear out that contention, if you consider the whole

proposal; but the position we took at Washington was that we were in favour of the principle of the proposal but were not in favour of the method by which it was to be financed.

I may add that we took this position after hearing what the Americans and British had to say about it, and both those countries took that same position very strongly. We did not say we were in agreement with them. We said we might appear to be in agreement, because of the position we were going to take; but realizing that such a proposal—in which we saw some weaknesses—could not be financed unless it received the support of the British and Americans, we said we thought a committee ought to be set up which would put into effect the principles of the proposal. In other words the suggestion was that someone should gather all the information with regard to conditions throughout the world; that this information should be compiled and kept available in a certain place, which would be the FAO, and that the committee should advise the various nations as to what could be done in order to avoid difficulties in connection with surpluses. In principle that was the proposal; and the only important addition contained in the original proposal was that a $5 billion fund be set up with which to carry it out.

It was suggested that many of the nations concerned might experience difficulty in supporting the plan financially. It was suggested, too, that many of them might have difficulty in carrying out any undertakings they might give. Therefore it was thought that a committee of this kind, which would gather all the information and pass it on to the governments concerned, could get more co-operation in that way than would be obtained by a compulsory board of any kind which would take delivery and market these surpluses in competition with other trade organizations.

That, in general, was the position taken; but we from Canada had in mind another matter which we thought would concern Canadian farmers in the long run more than any decision that might be reached at this time on the other question. It had to do with what I said a few moments ago; that is, that at the end of the war we, together with the Americans and everyone else, seemed to think that our particular task for the time being was to produce wheat in order to save people from starvation. The Americans held that view even more strongly than we did, and from time to time sent word that they wanted us to stop using wheat for this, or to stop using barley for something else, in order that all our production could be used for human food.

In 1938, at a time when we were taking considerably less than 50 cents a bushel for our wheat on the farms of western Canada, a price at which we could not produce it, the Americans had 81 million acres of land in wheat. During the year just before the war, and in the early part of the war, however, they took 26 million acres of that land out of wheat production, reducing their acreage to 55 million. They said that under the multilateral contract which was being discussed then they considered that a reasonable acreage for their farmers to have in wheat; and they went on to say that they considered the acreage to which we had reduced ourselves during the war to be a reasonable acreage for our farmers to have. At the time that was said I believe we had something like 22 million acres of land in wheat. In our contracts of that time we went on to provide that other nations, in order to avoid these surpluses, had to reduce their acreage if they were to come in under those contracts.

At the end of the war all agreements of that kind were taken out of the contracts, and they are not now in the contracts at all. There is no acreage control in the contracts.

When I went down to the United States I was of the opinion that probably the Americans still wanted to go on producing that great acreage of wheat. If they did, it was going to cause us trouble. Some representatives of the other nations proposed that the Americans should continue producing that extra quantity of wheat, but the United States representative disagreed with them. He said the United States did not think it should continue to do so, not only in the interests of their present agricultural position, but in the interests of the long-term food position in the world. In other words it was said by the United States: If we keep several million acres in grain, eventually the soil will be blowing around and will not be producing anything. The United States representatives were of the opinion the soil should be turned back into grass and the production of livestock and other products.

Immediately I rose and agreed with them. That is what I was doing when I got the report which indicated that I might have been doing something else. I agreed with the United States people, and pointed out the reason for doing so, namely, that Canada has practically no surplus of wheat at the moment. I said that as a matter of fact we had not surpluses, to the extent we had before the war, in any agricultural products. The

reporter called them "top-heavy surpluses"; he said that I said we did not have any top-heavy surpluses. This was a fair interpretation of what I had been saying.

As a result of this discussion—at least I presume partly as a result of it, and partly as a result of their own judgment—when the United States representatives made their proposal to the conference it included a reduction in the acreage that was to be put into grain. I had a discussion with some of our press representatives at Washington as to whether "grain" meant wheat. One of them went to interview the leader of the United States delegation, Mr. Andrews. A report of that interview appears in the Regina *Leader-Post,* and I am going to read a paragraph or two of it, just to indicate why we think that we were on the right line:

Mr. Andrews said that the acreage devoted to wheat in the United States had risen by approximately 26 million from the low point of 55 million before the war. This increase was roughly equal to the acreage sown by Canada on its entire wheat crop. Mr. Andrews was fully aware of the anxiety this enlarged United States crop must cause to Canadian farmers seeking an outlet for their own produce.

Strictly on U.S. grounds of policy, however, Mr. Andrews was convinced that a new policy had to be applied. Much of this wheat was being grown on land never intended for this purpose. It had been brought into cultivation under the stress of the war and post-war needs. If it were not returned to grass, then "the land would blow away."

Already the U.S. government had made a start on this program by ordering a reduction of fourteen per cent in last year's wheat acreage of 81 million. Mr. Andrews expressed the private opinion that total reductions in the next three years might amount to something like 25 million acres.

That is exactly what we had in mind when we went there. We wanted to bring that situation about, and the Americans are stating that it is their intention anyway, no matter what we think about it. To continue:

Mr. Andrews said the government had two great sanctions in existing legislation to enforce this policy. These were acreage allotments and market quotas for individual farmers. Any farmer could store wheat on his farm, but if he tried to market wheat above his quota he might be fined very severely, in some cases up to fifty per cent of the value of his wheat. Restricting these allotments and quotas was one way to cut down on wheat acreage.

Then this reporter goes on to say that, so far as the farmers of western Canada are concerned, that was the most important accomplishment of the FAO conference. I believe it was more important to have that wheat acreage reduction, and the land used for other purposes, than that our farmers should be forced out of wheat in order to maintain a surplus which might be of assistance to people somewhere else, but would put our farmers in a worse condition economically than the people we are trying to help.

That is the only report that I care to make at the moment in connection with the matter, in view of the fact the official report of the position taken by the Canadian government is not yet in my hands.

Mr. Coldwell: I have heard a long list of editorials that have appeared in different papers, but I am asking about memoranda or correspondence. Editorial opinion is the opinion of one man who is writing for a newspaper. We know what editorial opinion is.

Mr. Gardiner: If you are not interested in editorial opinion, all I can say is that every official from the city of Ottawa, and every official who came from Britain, knows that every word I have uttered is correct, and that includes every member of the government who is sitting in this house. That is a correct statement of what took place. I do not believe it needs any backing from anyone else, except those who were present, and they were the only people who heard it.

Mr. Hatfield: The minister's statement is all the greater indication as to why the Minister of Trade and Commerce should make a long-term agreement with the United States. We might as well forget about the United Kingdom. I am surprised that the Minister of Trade and Commerce went down to New York and told the people they should buy from Europe. He should have been telling the people of the United States that they should buy from Canada. He should have been making a long-term agreement with the United States. We might as well make up our minds that the 175 million people on the North American continent will have to live within themselves.

Mr. Howe: Just to set the record straight, I may say that I was in the United States to tell them that if they did not buy more from Canada, then Canada would not be able to buy as much from them.

Mr. Hatfield: The minister told them they should buy from Europe, and Donald Gordon, an employee of this government, told them they should buy from Europe.

Mr. Drew: Mr. Chairman, the speech that has just been made by the Minister of Agriculture is one of the most significant utterances that has been made in this house for many years. He has used phrases that are bound to have an important effect on the relationship between the government of Canada and the government of the United Kingdom. As members of this house we must

assume that this speech is a carefully prepared statement of the position of this government and its attitude towards the dealings they have had, and expect to have, with the government of the United Kingdom in regard to agricultural products.

So far as we are concerned, the export of agricultural products to the United Kingdom is by far our most important export. The statement the minister has just made, therefore, is one that may have a far-reaching effect in considering the future of that export market. This market was described by the members and by the Minister of Trade and Commerce just a few days ago as being vital to the future of this country. On December 1 the Minister of Trade and Commerce used these words at page 2551 of *Hansard*:

> Canada's prosperity is dependent to a large extent on the state of world trade and more particularly on our trade with the United Kingdom and the United States, our two largest suppliers as well as our two largest customers.

What we have just heard is a statement that there is a deliberate onslaught by the government of the United Kingdom on our trade in farm products with that country. Surely it is not possible to imagine a statement of more significance, a more serious statement, if that does interpret the situation correctly.

One of the reasons why this statement must be of great concern to every hon. member is the impression that is left by what we have now heard as compared with the impression that was left on the minds of the members of the house and other Canadians who read the reports of the statements made here, right up to December 1. Hon. members who were in the house on that day will recall that when the Minister of Trade and Commerce was being asked certain questions in regard to the sale of food products in Britain, and particularly in regard to some of the very food products that the Minister of Agriculture has now mentioned, he left the impression that there was no reason for concern about the future sales of those products. In his speech on December 1, 1949, as reported at page 2571 of *Hansard*, after giving a number of figures which showed our large export of food products to the United Kingdom in the present year and in recent years, he used these words:

> Judging from these figures I have quoted one would hardly reason that we are losing our trade with Britain. Let us take the individual commodities. What about wheat? I think we are in grave danger of being oversold on wheat from this crop.

Those words, Mr. Chairman, do not give anything like the same impression as the words that we have just heard from the Minister of Agriculture, who is primarily charged with the responsibility for supervising production of these particular commodities. The Minister of Trade and Commerce did not confine his optimistic remarks to wheat. He spoke of oats, barley, flax, bacon and other food products. Nor should I limit my reference to the recent statement on December 1 of the Minister of Trade and Commerce. On May 12 of this year I find that the Regina *Leader-Post* carried an extended report of a speech of the Minister of Agriculture in Simpson, Saskatchewan, under the heading: "Market is safe, Gardiner says". Then, criticizing those who had suggested that there was reason for concern about our markets in the United Kingdom, he used these words, according to the Regina *Leader-Post*:

> We could sell much more of most farm products if we had them in surplus supply.

I could give numerous quotations which show that right up to December 1, both outside and inside the house, ministers of the crown have sought to create the impression that, in spite of disturbing incidents and difficulties that were being encountered, our market in the United Kingdom is safe, to use the words that were attributed to the Minister of Agriculture last May. If in this important speech of his this morning the Minister of Agriculture had told the members of this committee that, to his great surprise, he had just learned that there was a resistance to the purchase of Canadian commodities in the United Kingdom, and that, to his amazement, the government of the United Kingdom is conducting a deliberate onslaught on the sale of these Canadian commodities in the United Kingdom, then certainly we would have reason to be astonished and alarmed by such a statement; but at least it would be an explanation of the difference between the statement we have just heard and the statements that have been made outside and inside this chamber until recent days.

To me one of the most revealing features of the speech of the Minister of Agriculture is the fact that he tells us of a meeting behind closed doors in Regina in 1947, and he tells us that in 1947—

Mr. Gardiner: May I just say that the meeting was reported in the press; what I said was reported in the press the next day.

Mr. Drew: Nevertheless it was reported in the press at that time without such an interpretation as is now put upon it by the Minister of Agriculture.

Mr. Gardiner: No. I put the same interpretation on it then myself.

Mr. Drew: Oh, no. If the Minister of Agriculture put such an interpretation on it at that time, it is extremely difficult to

understand why he was saying last May that our markets in the United Kingdom were safe, or why the Minister of Trade and Commerce was saying in this chamber on December 1 that we had every reason for confidence in the United Kingdom market.

Mr. Cardiff: That was before the election.

Mr. Drew: The statement in May of course was before the election. But what the Minister of Agriculture now says—and he cannot be critical of the reference to what he himself has told us this morning—is that in Regina in 1947 an official of the British government informed this meeting that in his opinion the United Kingdom would not be buying our foodstuffs in any event, and that, to repeat the illustration which he used, the United Kingdom would be trading bicycles for Danish bacon. If that is so, and if the minister has been aware that there was a deliberate onslaught on our sale of food products to the United Kingdom, then what I find extremely difficult to understand is how it was possible for him to continue to assure the Canadian farmers of the advantages they were gaining by contracts under which they were receiving less than the world price because of the assured long-term markets at those prices at a time when, he suggested, world prices might be less than they then were. The key to the alleged value of those agreements was the assurance that the contracts would be the basis of continued prices at that level, and that, while Canadian farmers might not at that time be receiving the world prices, they would later receive more than the world prices.

Nor was it possible to listen to the remarks made by the Minister of Agriculture this morning without remembering where he made the speech that he made a few days ago. It was not made to an agricultural group.

Mr. Gardiner: Fifty-fifty.

Mr. Drew: It was made in the city of Brantford, which is a very important industrial city.

Mr. Gardiner: At a board of trade meeting.

Mr. Drew: I am aware there would doubtless be many farmers there. I am not suggesting for one moment that this speech was not fully reported both in the press of Canada and in the press of the United Kingdom.

Mr. Gardiner: Just to keep the record straight, may I say it was rural night for the board of trade. They had invited the farmers to come in and listen to the speaker, and I had been invited to speak.

Mr. Drew: It was in Brantford, an important industrial centre, from which there comes a great deal of agricultural equipment. The farmers in the Brantford area are responsive to the concern that might be felt by their immediate local market about the future of industrial production in that area.

The minister has said that his speech was given a fairly good reception in Brantford, and that it has received favourable comment from elsewhere since then. Certainly it would receive a favourable response from one point of view, and a perfectly natural point of view. He was asserting the proposition that, as Canadians, our first concern must be for Canada, and, quite properly, that our trade relationships with the United Kingdom or with any other country must be based upon our own legitimate self-interest.

The suggestion that Canadian purchases of industrial products from Britain should be related to Britain's willingness to buy agricultural products from us would undoubtedly receive support. I am not questioning the fact that it should receive support. But what we have been told today is that the reason for concern about the United Kingdom market is not something that arises now, but something that has been present since 1947 at least. That, to me, is one of the very real reasons for concern in connection with what we have heard here this morning.

It is difficult, if not impossible, to escape the impression that the Minister of Agriculture is now seeking to hide behind the government of the United Kingdom for the purpose of explaining the optimistic statements which have been made for the last two years, and which do not gibe with what he has told us now about the attitude of the government of the United Kingdom as disclosed at Regina, and as disclosed, according to his statement, at every subsequent meeting they have had.

The minister now tells us that our difficulties are not so much related to the dollar problem as they are to this deliberate onslaught upon our sale of products in the United Kingdom. I would remind hon. members that when I use the expression "deliberate onslaught" I am using the words employed here today by the Minister of Agriculture. He left no doubt that in his mind this is not so much a problem of dollars as it is a question of deliberate policy on the part of the government of the United Kingdom. He has emphasized that belief by saying that, after all, the solution of the dollar problem is much more the problem of the United Kingdom than it is for us.

By those very words the minister supported the clear statement he had made that this is a question of government policy. No matter what any one of us here may think of the

political point of view of the present government in the United Kingdom, it is the present government of the United Kingdom; it is the government of that country chosen by the people of that country. Therefore we must regard a statement of this kind as having the utmost importance. Because the Minister of Agriculture did explain why he made that statement in Brantford—and in this I am referring to a report contained in the Ottawa *Journal* of December 6, which states:

> He was talking about it just now because negotiations for new food contracts with the United Kingdom are approaching conclusion. All existing food contracts, except that for cheese, expire the end of this month.

If that press report is a correct interpretation of what he said, either in his formal remarks or otherwise, then the Minister of Agriculture explained that he was making a speech at that time in which he was sharply critical of the government of the United Kingdom because negotiations for new food contracts with the United Kingdom were approaching a conclusion.

I can only interpret those words as meaning that the Minister of Agriculture was making this speech as part of the broad negotiations that were taking place, and that the purpose of the speech was to have its influence upon those negotiations. If that is so, and if his speech here this morning is for the same purpose, then it does unquestionably place before the government and people of the United Kingdom the proposition that, in the opinion of the government of Canada, the government of the United Kingdom has decided not to buy, no matter how much the people of that country like or approve the taste, standards or general quality of the food products they get from Canada.

This is something they should know. I agree with that proposition. By all means let us discuss these matters out in the open. By all means let us have all the essential facts before it is too late. If the situation is the one placed before us this morning, then it will be a good thing if, before the conclusion of these present contracts, the people of the United Kingdom have an opportunity to express their opinion as to what they think the government of that country should do.

I would also hope that in the interests of having a full knowledge of the facts, the appropriate official or officials of the government of the United Kingdom will say whether or not in their opinion the statement given to us this morning does correctly represent the situation. Unless we have that statement of course we cannot know what hope there may be of working out arrangements for the future.

I am not going to go into the details of the many figures that were presented to us this morning by the Minister of Agriculture in his long speech. I say long speech, but I admit that this important statement by the minister certainly required to be made, and adequate time had to be taken to give the essential details. In that speech the minister has left the responsibility for the present situation on the doorstep of the government of the United Kingdom. He has left the impression that the dollar problem is not the crux of the problem that we have to solve; that the government of the United Kingdom, as a matter of continuing policy, is making an onslaught on our sales of food products in that country.

This being so, I suggest that, apart from the other considerations that have been put forward, there should be in the mind of every one of us the realization that this is either a problem attached to currency difficulties or it is not. I would remind hon. members of the fact that on several occasions recently it has been pointed out that currency problems are at the root of some of our difficulties. One recalls that in the excellent report of the maritime commission tabled in the house not long ago, it was stated that the recommendations they made would not help to solve the problems connected with shipping or the shipping industry unless there was a solution of the currency problem. We have heard that said inside and outside of this house in relation to other questions of trade.

The word "convertibility" has been used in this discussion. I suggest that the real crux of this problem is convertibility, and this is a problem that can be tackled by the Canadian government, because it is not exclusively a problem of the government of the United Kingdom. Unless our trade in foodstuffs and other products is to be seriously threatened, one of the things most urgently required is that the government of the United Kingdom and the government of Canada get together to see if it is not possible to find some basis of actual convertibility which will loosen this log-jam and avoid the possibility of an extremely serious trade situation in the not distant future.

I suggest that everything that has been said here this morning emphasizes the need of tackling that problem. I suggest that everything that has been said here this morning emphasizes the importance of checking carefully what has been said in the past, and insisting upon the most complete and accurate information as to what is the present situation.

I can only repeat that what we have been told this morning is inconsistent with the

statement made to this house in regard to these very products as recently as December 1. In the discussion that may take place now, between now and the next session and again at that time, we will insist upon full information. I would hope that the other party to the contracts, the government of the United Kingdom, will assist us in placing fully before the public, and in that way before us, their explanation of the present problem. Only in this way can a solution be found.

What has been said here this morning is significant and most serious. I feel sure that all hon. members want to retain these markets, and it is to be hoped that in seeking a favourable outcome of the negotiations which are taking place in regard to the renewal of these contracts a barrier of misunderstanding will not be created between the government of Canada and the government of the United Kingdom.

Mr. Coldwell: One o'clock.

Mr. Gardiner: I understood that we were to go right along.

Mr. Coldwell: I was not aware that we were going to go right through. I would point out that we still have to consider the estimates of trade and commerce, public works, finance, justice, the Prime Minister's office and legislation, all in full. We have still some items in agriculture, veterans affairs, and mines and resources. I take it it is up to the committee to consider whether it is possible to do that amount of work properly between now and midnight tonight. If it is, then I have no objection to sitting right through, but if it is not, I think we should adjourn for lunch. I am doubtful myself as to the possibility of completing all those departments before midnight.

Mr. Drew: So that our position may be known to the committee I want to make it quite clear that we did agree to sitting through until six o'clock tonight. I certainly will not withdraw in any way from that agreement. I think it was hoped by all members that it would be possible to complete business by this afternoon, but I must say that at the present time there does not seem to be the slightest possibility of that being done. I do not think there is the slightest possibility of the business now before us being completed today, even though we sit through until midnight without interruption.

The opposition can assume no responsibility for the amount of time that is involved. There are still three important departments to be dealt with. The Minister of Agriculture spoke for an hour and ten minutes this morning, and needed that time for the important statement he made. However, it is perfectly obvious, in view of the importance of the statement which was made here for the first time this morning, the significance of which hon. members cannot be expected to disregard, they should not be limited in any way in their discussion of it.

I have mentioned this in order to point out that I do not suggest that any undertaking be withdrawn, but the undertaking was on the premise that we would complete the business. If there is general agreement that that cannot be done by six o'clock, it would seem the most sensible procedure to recognize that fact and adjourn. Then we would be able to resume on Monday without being unduly exhausted by the effort made today to accomplish the impossible.

Mr. Coldwell: I have no objection to sitting right through if it is believed that we can finish the business.

Mr. St. Laurent: I was informed that an arrangement had been made to sit through until six o'clock because it was expected it would be possible to give due consideration today to the business that still had to be completed. I know it was on that assumption that the undertaking was made. There can be no desire on the part of the government to curtail the time required to enable hon. members to give such consideration to the business still to be completed as they feel the public interest requires. Of course there was a statement made by the Minister of Agriculture, but I do not think there are any other long statements to be made from this side of the house.

But there is not only one side of the house, however, and if hon. members on the other side feel that it is not possible to finish without slighting the consideration that the business of parliament requires, there might not be very much point in omitting the luncheon recess. The agreement to omit the luncheon recess was predicated upon the desire, which we all know is general, to complete the business as soon as it can be completed in a manner that will satisfy each member's feeling of responsibility as to the seriousness of what has to be done. If hon. members on the other side are convinced that they cannot properly discharge their responsibility if an attempt is made to complete the business today, it might be as well to take recess at this time and come back at three o'clock.

Mr. Drew: I want to assure the Prime Minister that I am as anxious as anyone else to facilitate the business of the house in the natural course of events. But the statement

that has just been made by the Minister of Agriculture opens up a new basis of discussion of the agriculture estimates as well as those of the Department of Trade and Commerce. In addition to the very important Department of Trade and Commerce there are also the Department of Public Works and the Department of Finance. We have not even dealt with the first item in the Department of Justice; and there are also the items under legislation. Therefore I do not believe there is any chance whatever of completing the work today.

So far as the time of sitting is concerned, I must admit it would probably meet the general wishes of members, if we are not to complete our work today, to sit through the lunch hour and adjourn at six o'clock rather than sit late tonight. It will then be possible for a number of members to get home for the week end.

In making these observations I am not suggesting that we rise now, or at any particular time; but my thought is that we cannot finish tonight even if we sit right through the lunch hour; therefore we might consider closing the discussion at six o'clock.

Mr. Shaw: We are neither able nor willing to forecast the result of a continuous sitting, but we are prepared to co-operate in an endeavour to complete the business by midnight.

Mr. Coldwell: We will co-operate, but looking at the list of departments it would seem impossible. I am willing to sit through the lunch hour and see what happens, but I cannot see that we can deal with the business properly today.

The Deputy Chairman: Is it agreed that we sit through the lunch hour?

Some hon. Members: Agreed.

Mr. Gardiner: I want to reply to part of what was said by the leader of the opposition. Whether my statement was long or short, it was not a statement in which I was attempting to say what the reasons were for the position that was taken by the British. I was asked a definite question. I was asked to prove to the satisfaction of the leader of the C.C.F. group, and I presume others who think likewise, that there had been some official opposition to the marketing of these products in Great Britain. When he asked me if that was not owing to the dollar question, I said probably in part, but that after all that was a British responsibility as much as, or more than, it was ours. I was not discussing that question at the time.

As to the remarks that were made by the leader of the official opposition, I only wish to say that I take nothing back concerning that question from what I said a year ago. All that is on record, and I do not think it is necessary to repeat it.

On the other question of what was said before and after the election, my remarks both before and since the election were exactly the same as they were when I was in London a year ago. The newspaper reports naturally did not repeat everything I said, and every speech I delivered, over and over again. They took certain parts out of them and printed them.

So far as the speech at Simpson and speeches anywhere else are concerned, I stated that at the end of this season there would not be any of the surpluses of farm products which our opponents were prophesying we would have. I said our wheat would be all gone. I said we would not be able to fill our bacon contract, we would not be able to fill our egg contract, and all our food would have disappeared, with the possible exception of cheese, as to which we had already realized that the British would not take any further quantities. We have never expected any difficulty in connection with cheese. Therefore there is no difference between what the Minister of Trade and Commerce has been saying and what I have been saying.

The Minister of Trade and Commerce said about the beginning of the year that we had no troublesome surpluses. I said in Washington that we have no top-heavy surpluses. There is no difference between those statements; they mean exactly the same thing. I was reported to have said in Washington that there are no top-heavy surpluses. I did not use the word "top-heavy", but it states, as well as any one word could, what I did say.

Mr. Macdonnell (Greenwood): In view of what the minister has just said, why did he find it necessary to refer to the British as making an onslaught? If someone has made an onslaught on our trade, it suggests that everything in the garden is not so lovely.

Mr. Gardiner: I do not know of any other word to describe it, and I am not withdrawing it. When we met with them in the fall of 1947 they said they did not want our food products except wheat. The second time they visited us, in 1948, they included cheese, but they did not include cheese in 1947. They said: We prefer not to have these products. As a matter of fact, at certain stages they said they would not take these products, and at certain stages we said other things which induced them to take the products. I do not think it is necessary to repeat all that here

Mr. Coldwell: Then why were understandings reached in a given year? We will take 1947. There were 195 million pounds of bacon—

Mr. Gardiner: That was before.

Mr. Coldwell: —plus 29 million pounds of bacon later on, making 224 million pounds which they agreed to take, but we delivered only 176 million. Going back to 1946, the contract was for 450 million pounds, and we delivered far short of that amount. Coming to the present year, they said they would take 160 million pounds of bacon, and up to the end of September we have delivered approximately 58 million pounds. It simply does not make sense.

Mr. Gardiner: I have not applied anything I said to any time prior to the fall of 1947. I made that very clear. I indicated that under all members of the British government—

Mr. Coldwell: What about this year?

Mr. Gardiner: Let me answer what the hon. member has already asked. Until the fall of 1947 we had complete understanding with the members of the government in Great Britain. It does not matter whether it was the Churchill government or the present government. We have always made it clear that this is not a matter of party differences, either in Britain or here or anywhere else. So far as I am concerned it is simply a matter of fact.

Until we got to the fall of 1947 we had complete understandings to the effect that we would market our surpluses of bacon, cheese, eggs and other products in Great Britain. I am dealing only at the moment, however, with bacon, cheese and eggs; those other products were included prior to that time. Well, we set out to do that. At the same time we were increasing the purchasing power of our own people, and I have said over and over again that our people now are buying as much as fifty per cent more meat for their own consumption than they bought before the war. I have taken credit to the government, as has been stated, for evolving policies which brought about that result. Whether we are entitled to all the credit I have taken may be a question; nevertheless I say we have assisted in creating conditions which have resulted in Canadians consuming more and more of those products. That was what I was emphasizing at Simpson and at every other meeting I attended, namely, that we have created better conditions by family allowances, old age pensions and all the other social services, and by other methods which I went into at the time.

[Mr. Gardiner.]

Having done that; with Canadians themselves—including the farmers—buying so much more food in Canada, the amounts we sent to Britain under the contracts were reduced from year to year up to 1947. Until that time we could go to the farmers and tell them to produce more and more; but since that time, as I said, we have not been telling the farmers to produce more and more. The reasons I gave were the very reasons I have given this house today, namely, that we had already been told by the British that they did not want these products. I have always said on those occasions that their reason for not wanting them was a dollar reason. It was not because they did not want our food; it was because they were not able to finance the payment for it.

Mr. Coldwell: That can hardly be described as a deliberate onslaught.

Mr. Gardiner: I think it is a deliberate onslaught when officials come to you year after year, as they did in 1947 and again in 1948, and as they are doing now, and say: "We do not want your food at all." What are you going to call it, if it is not a deliberate onslaught? At the same time they say: "We are still going to buy that food, but in some other area." Sometimes they even come to this continent and buy the food in another area, paying for it in dollars. I do not know of any other term to describe it than a deliberate attempt to stop buying in this area. I presume it is because they cannot find the dollars with which to pay for it; but the attempt is deliberate.

Mr. Coldwell: That is different language.

Mr. Gardiner: I do not know any other word for it. The fact is that our farmers must realize, as we are going into another crop year, that this is the attitude with regard to the shipment of food to Great Britain at the present time.

On the other question, whether or not we have surpluses, I have been saying that we have none, and I am prepared to say now that we have none. The only commodity in which there appears to be a surplus is cheese, and I have explained that, so I need not go into it further. So far as the Minister of Trade and Commerce and myself are concerned, we are in entire agreement that we have not surpluses. On the other hand we have not been selling our products to Britain even in the quantities in which we sold them before the war; and they would prefer that we did not sell them any.

Mr. Quelch: I regret very much that there seems to be danger of friction developing between this country and Great Britain in connection with our trade. I must say there

has been a real change in attitude on the part of the Minister of Agriculture as between today and a year ago. I believe he outlined the situation clearly in a speech he made before the Canadian chamber of commerce in London in December, 1948. His attitude was very different, of course, during the election campaign. I will agree that the stand he has taken today is the same as the one he took before the Canadian chamber of commerce, but it is not the same as the one he took while the election campaign was on.

Mr. Gardiner: You did not hear any of my speeches. My position was just the same.

Mr. Quelch: I read a number of them, and I heard a great deal about them. When I would discuss government policy at meetings, people would get up and quote statements by the minister on the trade position, in which he said there was no danger of the food contracts with Britain falling off. These statements were thrown at me time and again during the campaign, and my only reply was to quote what the minister had said in addressing the Canadian chamber of commerce in London.

Both the Minister of Agriculture and the Minister of Trade and Commerce have pointed out time and again that the situation that is developing is largely due to the fact that the United Kingdom lacks dollars with which to buy our produce. It is not a question, of course, of Britain not wanting to buy our goods. The people there want our goods, but they have not the dollars. They have to buy their goods now where they can get them without spending dollars; so that the word "want" is ambiguous in that sense.

I agree with the minister that the official attitude of the British government today is that they must cut down their imports from Canada in order to conserve dollars. On the other hand I am satisfied that if they had the dollars they would be anxious to buy goods from us.

Another point is that the action the British government is taking today has been recommended by the international monetary fund and the administration of Marshall aid. They have been told time and again they must do everything in their power to cut down imports from the dollar area. You may find that in the annual report of the international monetary fund for 1948. So they are only doing what they have been advised to do by the body we helped set up, in an attempt to bring about a closer balance of trade. I think it only natural that they should take that action, because Marshall aid ends in 1952. The only reason why various nations have been able to buy the quantity of goods they have taken from us is that they have been given dollars with which to buy them.

Mr. Gardiner: May I say to my hon. friend at this point, if he does not mind, that I think he will agree, as I believe most hon. members will agree, that no one has backed the British since 1939 more than I have as Minister of Agriculture in this country. No one has said more kind things about them or has more fully appreciated the British position than I have. But when it comes to the facts as they are related to our own farmers, then I think those facts have to be stated. My kindly feelings towards the British cannot be allowed to run so far that the farmer does not know his position. I think he must know that.

I think it will be generally agreed that all through the period under discussion, from 1947 to the present time, the people of Canada have pretty well known the British position. At no time during the election campaign did I say we were sure of being able to get contracts with Britain. I did indicate what had happened in the past. I said the British had come to every meeting and said they did not want our food, but that in spite of the fact that they said they did not want it we were able to get contracts for quantities which have worked out to our satisfaction, and I was hopeful that in future we would be able to do the same thing. We are now in the midst of making contracts for the third time under those conditions, and we are still hopeful that we shall be able to obtain contracts covering some of the foods, though not all of them, or even all for which we had contracts last year. We hope to get those contracts for next year; and my hope, which I presume is the hope of the hon. member who was speaking a moment ago, is that by that time Britain may have the dollars with which to buy more of our products. I do not know how they are going to get there, but I do think the British want our food, in the sense the term has been used by the hon. member. They are going to insist on having it, no matter what government they have, as soon as they have the means to pay for our food. It is mainly for that reason that I want to keep the products in the British market under these agreements, until the British can get back into that position.

Mr. Quelch: I do not take any exception to the speeches the minister has been making. I believe he has been quite clear, although some people have the impression from his speeches that he is hostile to the British over this market situation. If one takes all the minister's speeches, both the ones delivered

in Great Britain and in this country, I think one gets the correct impression. I have always felt that the Minister of Agriculture felt rather kindly towards Britain, and would do anything he could to extend our trade with that country.

The minister has pointed out that the situation that has developed is due to a lack of dollars. I take direct issue with the minister when he tries to put the blame for that situation on Britain. Just a few moments ago the minister said that the shortage of dollars was Britain's responsibility. I should like him to show me any way in which the shortage of dollars is Britain's responsibility.

Mr. Gardiner: That is hardly correct. What I said meant the possibility of its being corrected is more likely to be through Britain's efforts than through anything we can do.

Mr. Quelch: Right after the war, in order to get aid from the United States, Britain signed the Bretton Woods agreement, and also agreed to make sterling convertible, knowing full well she could not carry out that agreement. After a few weeks of attempting to do it, Britain was forced off convertibility. We now have the unpleasant situation under which she cannot get the dollars she needs for her business.

When members suggest that a possible solution to this difficulty would be the establishment of convertible currency, or the establishment of an international currency, it seems to me they are putting the cart before the horse. You might have convertibility of currencies, but until you establish a balance of trade you will not get very far. The establishment of an international currency would not mean that all nations would be able to buy. The only way a nation could get that currency would be by selling its goods to another nation, and taking payment in international currency. So long as you have the unfavourable balance of trade in the sterling area which you have today, there will be a shortage of dollars with which to buy goods. An international currency would not be any solution to the difficulty, because you would still have an unbalance of trade between the sterling area and the dollar area.

The only solution for the problem is for the sterling area to adopt the attitude that the Minister of Trade and Commerce seems to have adopted towards the United States. He has said that, so far as Canada and the United States are concerned, either they will have to buy more from us or we shall have to buy less from them, because we still have an unfavourable balance of trade. That is exactly the situation in which the British find themselves. It does not make any difference whether you are trying to bring about convertibility of currency or the establishment of an international currency; until there is co-operation you cannot solve the problem.

The Minister of Agriculture has pointed out that the reason we have fallen down on some of our former contracts with Britain is that we are consuming more in Canada. I do not believe anyone could criticize the government for that. I believe the best market for our products is the home market. If the reason for the reduction in imports is the consumption of more in this country, I would not criticize the government except to the extent that our production might have been expanded in order to take care of the increased demand. There is one danger though, and it is this: if we try to consume the greater part of our agricultural production at home, we may, as a result, lose our markets abroad. Then I suppose in future the prices at which goods were sold in Canada would be determined by the prices for the small amount exported abroad. That has usually been the attitude of governments in the past. If the price of the commodity exported abroad sets the price for the commodity we consume at home, then to the extent that we lose markets the difficulty will increase.

For this reason I am hoping the government will establish the Agricultural Prices Support Act on a sound basis. I know I am out of order in discussing that, but a resolution will be coming up next year to terminate that act. I looked upon it as permanent legislation. The minister has said there is no reason why it could not continue indefinitely. Now it seems an end is to be put to the life of that act. I believe that will be a definite breach of faith with the farmers of this country. As a result of certain sacrifices they have made in the past, they were guaranteed stabilization in the future, and not just for four years. I regret the appearance of that resolution on the order paper, and I hope that by the time it is brought down it will be in different shape.

Mr. Gardiner: May I make one comment about the last remark of the member for Acadia? He believes the British are not altogether to blame, and I should like to call his attention to the fact that, so far as I am aware—I may be wrong in this—it is only food products that are being declared surplus in the United States, as related to the provision of Marshall funds. This creates a difficulty in connection with food products that is not felt in connection with some other products. I do not blame the British for that; I do not blame anyone in particular. It is a fact, however. On behalf of our American

friends we have to say that although they did have 26 million acres more in wheat last year than they felt they ought to have, they did not declare wheat surplus in the sense in which it could have been declared surplus under the Marshall plan. Provision was made to help finance the sale of our wheat in Britain, and that is one of our important products. It has created some difficulties for us in connection with other products, and makes contracts of the type we have been making rather difficult.

Mr. Charlton: All I can say is that the statement made by the minister this morning, along with the speech made in Brantford, to which I had the pleasure of listening, constitute the most important statement made by any member of this government in many years. I can assure the minister that I have a copy of the Brantford *Expositor* which carried his speech in detail. The only difference is that the Brantford *Expositor* has the headline, "British barrier to Canada's foods."

I have warned the minister and the members of this house on many occasions during the last two or three years as to what might take place. On one occasion in 1946 the minister took me to task for even suggesting that the British would not fulfil any of their agreements, whether they were by word of mouth or by signed contract. This morning the minister tells us that the United Kingdom in 1946 was trying to buy all our surplus farm products. Then he comes along and says that the situation now is actually reversed; that the United Kingdom is trying to drive all our farm products off their market. The statement made by the minister then, and by many other members of the government, that Britain had no dollars with which to buy our food, apparently has not been true.

Surely neither the minister nor anyone else in the House of Commons or in this country would expect that Britain would take only our surpluses of food products. Unless we can assure a stable market to Great Britain or any other country to whom we expect to sell our products, certainly we cannot expect to have that market. That is the thing that I have said was the trouble during the past two or three years. I have repeated it in this chamber on several occasions. I so stated when the estimates of the Minister of Trade and Commerce were being discussed the other night, and I repeat it now. It is not only a case of the dollar shortage; it is not a case of their wanting to see our products off the British market; it is the effect of this government's lack of foresight in not maintaining production and not fulfilling the contracts which we had with Great Britain, and allowing production to go down to such a level that we could not supply the food products that Great Britain wanted. She was therefore forced to go elsewhere to buy the food that she required to feed her people.

It would be interesting if the Minister of Trade and Commerce the other night had put on the record the figures I asked for, or if the Minister of Agriculture would now put on the record figures with respect to the value of food products we have sent to Great Britain since the beginning of the war, the amount of the contract, and the amount we sent each year from 1942 or 1943 up to the present year. Those figures would be most interesting. I think all hon. members would agree that never since 1944—or it might have been 1944-45—have we filled a British contract, with the exception, probably, of that for eggs, and for cheese this year. The quantity of cheese this year, however, is the lowest quantity we have ever sent to Great Britain in the last fifty years.

The attitude now taken by the Minister of Agriculture is apparently very different from that taken in 1946, when both he and the then minister of trade and commerce assured us, and assured the farmers all across Canada, that if we supplied food to Great Britain at prices far less than world prices during those years, we could be assured of a future market at a reasonable level in the United Kingdom. That was the statement made on several occasions in this chamber by the minister.

Mr. Gardiner: I still believe that, but it may not be next year—in the future.

Mr. Charlton: If it is not next year, it is not very satisfactory, is it? If we are going to cut out the odd year, what good is it?—because the very year we do not get these markets is the very year we are going to have a surplus in this country. Whether the Minister of Agriculture or the Minister of Trade and Commerce believes it or not, there is a food surplus in this country today; whether they call it a surplus over domestic requirements, an unsold surplus, or whatever they wish to term it, there is still a surplus. We were all happy, as I have said, to supply Great Britain at that time; the farmers of this country never asked for all the traffic would bear with regard to the price of food; they were doing it partly on a patriotic basis and partly on a basis of maintaining those markets with Great Britain in future years. The thing the farmers across this country are fearful of now is that, having sold these things for less than the world price, they are

to be expected to take the low prices in the post-war era; and that is what they have been worrying about for the last number of years. This government always assured us, through the federation of agriculture and through the House of Commons, that they were going to stabilize farm prices; and one means they were going to use to do that was through the Agricultural Products Act and the Agricultural Prices Support Act.

I see that on the order paper there are two resolutions having to do with prices support acts. I grant you they are not to be taken up this session, but it is obvious that the government has in mind taking out section 9, the operative section, of the Agricultural Prices Support Act. Now that this whole market situation has fallen down over his ears, the Minister of Agriculture is looking for a scapegoat.

Mr. Gardiner: Oh, no.

Mr. Charlton: Mr. Chairman, it is fairly obvious that he is looking for somebody to blame for the situation.

Mr. Gardiner: I am not blaming anybody.

Mr. Charlton: The minister is not blaming anybody?

Mr. Gardiner: No.

Mr. Charlton: Yet he says—

Mr. Gardiner: Why should I blame anybody? Two days ago I hunted all over to find a few bottles of milk or a few cans of milk and a few pounds of something else to sell to a group of people who were here to buy these things, and I could not find them. Why should I be blaming anybody for the condition? We have no surpluses of these food products. The food is all gone. I have no complaint to make about that. That is what we grow it for. We grow it in order that somebody may consume it.

Mr. Charlton: I think it is fairly obvious from this newspaper report—the minister himself read it over this morning—and from the newspaper reports which have appeared in many papers since that Brantford speech, that he is blaming the government of Great Britain now for not wanting our food.

Mr. Gardiner: I do not withdraw that, either. The government of Great Britain does not want our food; but in spite of the fact that the government of Great Britain does not want our food, we have sold it all. I do not think it is going to be a good condition for the future. I think we must have the British markets in which to sell our foods some years ahead; I do not know just when, but some years from now.

[Mr. Charlton.]

Mr. Charlton: What is the government doing to get those markets?

Mr. Gardiner: Trying to keep our contract with them.

Mr. Charlton: The minister says there are no food surpluses. I wonder if the apple growers across this country will believe that. I wonder if the milk producers across this country will believe that.

Mr. Gardiner: I think even the apple growers will believe that.

Mr. Charlton: That there are no surpluses of apples? I am sorry, but I am afraid the minister is being extremely optimistic. Here is a statement in the Ottawa *Journal* of November 9, for instance, which is headed: "Processed milk and butter surpluses proving problem". Has that been sold?

Mr. Gardiner: When was that?

Mr. Charlton: November 9.

Mr. Gardiner: That may be. But they are not here this week. They are gone.

Mr. Charlton: Is the minister trying to tell me that 56,600,000 pounds of powdered milk and condensed milk were sold since November 9?

Mr. Gardiner: Yes. I am trying to tell the hon. member that within the last week I have been trying to find powdered milk, canned milk and milk of any kind to sell to anybody, and could not find it. If there was 56 million pounds here then, it is not here now, begging for a market.

Mr. Charlton: I wonder if the hon. member for Leeds will believe that. He talked about the supplies stored in church basements.

Mr. Gardiner: Yes, I think he will. He had a newspaper here the other day. He was going to quote it. I do not think he is here now, but he will have it here and quote it to you after a while.

Mr. Charlton: The minister still says there are no surpluses in Canada. He has all the figures. He has all the departmental officials in front of him. I have talked to some of these officials within the last week, and they tell me a different story. I do not know whom we can believe, if we cannot take the figures in the Trade and Commerce booklet, and if we cannot take the figures which are given to the press, obviously from the department.

Mr. Gardiner: I have here a list of products which was handed to me the other day by people who wished to buy them. It includes skim milk powder to the extent of 920 tons,

I believe it is; whole milk powder, 600 tons; yellow cheese, 1,200 tons; fillets of fish, 1,440 tons; canned fish, 900,000 tons; egg powder, 480,000 tons; canned vegetables, 7,200 tons. Then it deals with grits, barley and maize, frozen wheat and buckwheat, and canned milk. I went right down that list with the branches that are presumed to have them, and was told that we have none of those surpluses left whatsoever under our control. The only way they could buy these products is to go out and buy them in competition with other countries at prices they are prepared to pay for it.

Mr. Charlton: What prices were offered for those materials?

Mr. Gardiner: I have them here, but it is a lengthy list.

Mr. Charlton: They are low, I imagine, as compared with previous prices.

Mr. Gardiner: The price is lower than they were prepared to offer for some.

Mr. Charlton: The price we were asking is lower than they were prepared to pay.

Mr. Gardiner: The price, as I understand, at which they could be bought is nine or ten or eleven cents on the first one, thirty-four on the second one, and so on.

Mr. Charlton: What products are they?

Mr. Gardiner: Skim milk and whole milk powder.

Mr. Charlton: It is characteristic, because the minister told us this morning that England offered us more for our beef than this government wanted to charge them for it, just to maintain price control and to maintain the low cost of living. So that we could expect the government to sell our products for less than they could get for them.

Mr. Gardiner: But we had price control then, and we have not now.

Mr. Charlton: Well, this is still the most discouraging statement made in this House of Commons for many years. I am sure the farmers of Canada will take it as a very strange Christmas present to come from the government.

Some hon. Members: Oh, oh.

Mr. Charlton: Everyone on that side of the house seems to treat it as a joke.

Mr. Warren: It is not a joke.

Mr. Charlton: Certainly it is not a joke. It is a different story now from the one that was told prior to the election. The minister says he told the same story. One newspaper after another quoted what the Minister of Trade and Commerce and the Minister of Agriculture said. The London *Free Press* of October 21, 1949, carries a headline, "Trade protection key Canadian policy—Howe" and states:

> Need of Adjustments
>
> "Ours is a healthy, prosperous, well-balanced and in fact a booming economy," he added. While there were indications that 1950 would be a favourable year in exports, there would need to be some adjustments.
>
> These adjustments may see the exports figures not as "impressive" as those attained in 1949.

"Not as impressive". Of course we are not going to sell as much. He says they are not as impressive as they were in 1949. The report goes on:

> High domestic demand, nevertheless, would cushion the effect of any adjustments. The domestic demand already has been able to fill the gap created by export markets restrictions.

Then follows the heading "domestic markets strong," and the minister goes on to tell how the domestic market is strong. That is true of many things. But is the domestic market enough to take all those surpluses which we will have?

I have here a telegram from the hog producers of my own riding, and they say they are discouraged about the situation at present.

Mr. Gardiner: They say they want a contract with Britain.

Mr. Charlton: Yes.

Mr. Gardiner: I got the telegram, too.

Mr. Charlton: They want a contract for more than one year, and they want to know what the contract price is.

Mr. Gardiner: And the British will not sign one for more than one year.

Mr. Charlton: That is something which this government has never given.

Mr. Gardiner: The British will not sign a contract for more than one year, and if they have their way they will not sign one at all; but I think they are going to sign one.

Mr. Charlton: It seems strange that they will sign contracts with other nations, even behind the iron curtain, for terms of two or three years—yes, fifteen years. They sign those contracts; I do not know why they will not sign similar contracts with us. Apparently the department is not prepared to sign those contracts for more than one year.

Mr. Gardiner: No; we have been trying to sign them for four or five years, but they have refused to sign them, either during the war or since, for more than two years

on anything but wheat. We heard a lot of criticism from hon. members on the other side of the house for signing one on wheat for four years.

Mr. Charlton: Possibly they have refused, when contracts have been for anywhere from 200 million to 300 million bushels and they were sent only half of it. You cannot expect to sign a contract for four or five years under that condition.

Mr. Gardiner: Probably not, but the hon. member's statement is not correct.

Mr. Charlton: What is wrong with it?

Mr. Gardiner: My hon. friend stated the position correctly himself at the beginning of his remarks, when he was sticking to the record. Our production went up until 1944. We did fill the contract, and more than filled it every year. Of course the reason why we did not fill it after that is that the British came here in 1944 and said they would not sign a contract for a higher amount. They would only take 450 million pounds after that, where they had been taking 700 million. When they wanted to write it into a contract we refused to write it into a one-year contract, and finally agreed to write 900 million pounds into a two-year contract. That is the way it turned out. That is the way it went down, and we allowed it to go down deliberately because the market was not there.

Mr. Charlton: There is a big difference between 450 million pounds a year and 56 million or 55 million, as we have it this year. But of course the minister will find some excuse for lowering of production; naturally he will not blame the government. I still say it was lack of foresight on the part of the government. Taking the ceiling price off feed grains was one thing. In 1947 the price of little pigs went down to nothing, absolutely nothing. They were killed and thrown on manure piles in some parts of Canada.

Mr. Gardiner: Farmers do not do that.

Mr. Charlton: Some of the people here who claim to know so much about farmers have been away from farming so long they have lost track of it.

Mr. Gardiner: I go back three or four times a year.

Mr. Charlton: Apparently the hon. member does not go out behind the barn; you stay in the house.

Mr. Gardiner: The only little pigs that were ever thrown out behind the barn of any farm I was ever on—and I have been on them from one end of Canada to the other—were those that died a natural death, in spite of all the farmer could do. He did not kill them.

Mr. Charlton: I told a story in the fall of 1947 about a chap who was trying to sell pigs and who put a sign on his trailer which he left outside stating that anybody who would take them was welcome to them. When he came back there were twice as many pigs in the trailer as when he went in.

Mr. Gardiner: But that never happened.

Mr. Charlton: Do you say it never happened?

Mr. Gardiner: No; it is a good story, but it did not happen.

Mr. Charlton: The *Rural Co-operator* of Toronto, Ontario, states in a headline on October 11, "Gardiner says market not lost if nothing to sell." That was the kind of statement that was made prior to the election. The last statement made at Brantford and which was directed to the farmers was that the farmers across Canada would do just as well to sow what they wanted of the products they could make the most money with and then everything would be all right. That was quite an optimistic statement coming on the heels of the statement the minister made previously with regard to the British export market.

Everyone knows that we must depend upon our export markets. As I have said on previous occasions, we cannot look to the United States to provide markets for our agricultural products. The United States is a competitor and the year we might have a surplus of products, the United States would have a surplus of the same products and would not permit ours to be shipped there.

While the minister did not name the product, I have no doubt he was referring to cheese that is being shipped by the United States to Great Britain, and to the fact that this government had not permitted cheese to be sent from this country to the United States. Would we expect them to take it when they were exporting to the United Kingdom?

Mr. Gardiner: Let me read to the hon. member the report he is looking for and then he can find the answers he wants. Here is what is said in the Brantford paper:

> The minister said: We can produce more cheese now and enter into a larger contract with the United Kingdom next year.

Then the report continues:

> In conclusion he advised farmers: "Use your farm the way you have used it in the past. Produce as much as you feel you want to produce,

and I am sure that we will maintain good relations between the farming community and the industrial community."

Mr. Charlton: That statement could have been made 25 or 30 years ago. Another statement made at Brantford by the minister was that the United States was going to reduce its wheat acreage by some 26 million acres. Are we going to continue to expect the United States to carry the agriculture of this country? It has been ECA dollars that have paid for the wheat and many other of our products that have been sent to Great Britain in the last couple of years and now the minister states that the United States are going to reduce their wheat acreage.

Mr. Gardiner: The hon. member should tell the committee what he said at the Brantford meeting.

Mr. Charlton: Sometimes one says the things one is expected to say on such an occasion, but I do not always believe them. In thanking a speaker who had come that distance it would only be common decency and courtesy for me not to disagree with the statements he made on that occasion. I do not think that, with the minister coming into my home riding, I would be expected to do that. I showed that much courtesy to the minister, but I am sure I am not called upon to show the same courtesy here in the House of Commons that was shown to him in Brantford.

Mr. Gardiner: You showed much more courtesy than there was any occasion for. Does the hon. member want to repeat what he said?

Mr. Charlton: I do not need to repeat it.

Mr. Knowles: Don't repeat it, just repent it.

Mr. Charlton: The United States is to reduce its wheat acreage by 26 million acres, but what has this government or the minister done to see that the same reduction is carried out by our western agriculture where the land is threatened with wind erosion? We should be doing the same thing. We should be reducing our acreage and getting the land back into pasturage. Is the minister willing to permit the United States to reduce its acreage by 26 million acres and then say that everything is all right here, that we can go on and produce all the wheat we want? Apparently that is the attitude taken by the Minister of Agriculture and this government.

The statement made this morning must have been quite a shock to some Liberal members who were given other statements to make previous to the election to the effect that everything was rosy in the British markets, that everything was going to be all right in the future. It must have been quite a shock to those hon. members to have heard the statement made by the minister this morning which absolutely reversed the position taken previous to the election.

Referring to the FAO meeting in Washington, the *Globe and Mail* of November 25, 1949, says that the Minister of Agriculture "doubts value of FAO clearing house". The London *Free Press* of November 24 headlined an article by the minister to the effect that there should be a return to sound agricultural practices followed in both Canada and the United states.

The farmers across this country are wondering what is going to happen in the next few months. When there is doubt in their minds there certainly is not going to be increased production; there is more likely to be a decrease in production. Apparently the only thought of this government is for today, let tomorrow look after itself.

Mr. Hatfield: The minister was going to answer some questions I asked.

Mr. Gardiner: I misled the hon. member for Victoria-Carleton by saying that the question he asked would come under this particular item. The amounts spent to assist the marketing of different farm products are as follows:

1946	Potatoes	$ 170,748.48
1947	Apples	3,119,274.22
1948	Potatoes	1,642,122.49
1948	Apples	1,409,000.00
1948	Beans	195,000.00
1948	Honey	325,000.00
1949	Skimmed milk	1,063,000.00
1949	Butter	26,775,000.00
1949	Cheese	5,200,000.00
1949	Apples	1,500,000.00

In the case of butter I would not say that that amount was paid to assist in marketing. That money was used in order to accumulate the butter, but the butter is now being sold and the money will be returned. The item for cheese is in the same class. The arrangement with regard to apples was on a fifty-fifty basis; this government paid half the price and the British paid half the price.

Mr. Hatfield: Has the minister received any requests from the department of agriculture in New Brunswick or from anyone else in that province to support the price of potatoes? This season we have had the largest potato crop ever produced, and on December 1 there was the largest amount in storage ever known. The market has gone down to the point where it is less than the cost of production. I should like to ask the minister if he intends to put a support price on potatoes.

Mr. Gardiner: We have had a request from both the government of New Brunswick and

the government of Prince Edward Island to put on a support price. Up to the present time it has not been done.

Mr. Hatfield: Does the minister intend to take some action?

Mr. Gardiner: I have an arrangement to discuss it with the minister from the province of New Brunswick next week when the agriculturists are here, but I do not know what the outcome of the discussion will be.

Mr. Hatfield: I understand the minister will be in Ottawa on Monday. Will he take up this matter with him?

Mr. Gardiner: Yes, I think I have an appointment to meet him some time on Monday. I was not able to set a time because we have the conference on Monday.

Mr. Hatfield: Is the United States embargo against wheat shipments from Canada still in effect?

Mr. Gardiner: Yes, the embargo is the same as was put on early in the war.

Mr. Fulford: On September 30 I spoke before the committee, and my remarks were of a very gloomy nature concerning the future of the evaporated milk industry. I was referring entirely to a local situation, and at that time my figures were absolutely correct. Since then a very different picture has presented itself to the industry. I am only speaking now of evaporated milk. The situation that had developed has resolved itself, and I can say confidently that today the industry is in a substantially better position. In fact exports of evaporated milk have gone ahead in an extraordinary manner.

Mr. Graydon: That was because of the by-election.

Mr. Fulford: The by-election had nothing to do with milk. The markets that have been found are chiefly in Europe. I want to commend both the Department of Trade and Commerce and the Department of Agriculture for their unfailing efforts to develop the markets of Canada, harbingers of gloom on the other side and reports to the contrary notwithstanding.

Mr. Graydon: You should have a talk with them before you make another speech.

Mr. Cardiff: I should like to ask the Minister of Agriculture one question. As the result of the remarkable statement he made this morning, is he now in a position to admit that he accepted too low a price for the products he sold in the British market during the war?

[Mr. Gardiner.]

Mr. Gardiner: Mr. Chairman, in the first place I do not admit that the statement was remarkable. In the second place I do not admit that, so far as any of the products we have been discussing are concerned, we accepted a low price from the British for them. An examination of the markets now will indicate that we are asking a higher price than most other people are getting in the British market.

Mr. Cardiff: I do not think that answers the question. During the war years you sold our agricultural products to Great Britain for less than you could have sold them on any other market with the understanding that we were to continue to have the British market after the war. I should like you to admit that one thing.

Mr. Gardiner: I will not admit any such statement.

Mr. Cardiff: No, you will not admit it, but you should.

Mr. Gardiner: I should not admit it. There were only a few months during which Canadian farmers could have sold their food products at higher prices than they were sold. At the end of the war the United States took off all controls, and there was a period of time, which might have extended over twelve months but after all was only a few months compared with what we are talking about, when you could have sold Canadian products at very much more in the United States market than you could have sold them here, if they had let them in. I am not too sure that they would have let them in if we had tried to sell them on the United States market. We have been selling our products, with the exception of wheat under the four-year contract, at just as good a price in the British market as could have been found in any other market for that quantity of products.

Mr. Macdonnell (Greenwood): Mr. Chairman, I want to say a word or two, though now that I no longer represent an agricultural riding I do not feel as expert on agricultural matters as I used to. I wish to make one or two comments. First of all I think the Minister of Agriculture did himself a great injustice when he said his speech was not remarkable. I think it was quite remarkable in one or two ways.

There are two things I want to say about it. I am sure that anyone undertaking to criticize the Minister of Agriculture would never criticize him for being stupid, for not knowing the meaning of words, or not having a due sense of publicity. When the minister used the words "deliberate onslaught" more

than once, when he said many times that Great Britain "does not want our products"—I will tell him the other things he said too—

Mr. Gardiner: The officials.

Mr. Macdonnell (Greenwood): When he said they "would prefer that we did not sell to them", although it is quite true that at times he explained it was because they did not have the money, nevertheless the whole tenor of the minister's remarks created the impression that the British people were being unco-operative and a bit perverse.

Mr. Gardiner: Mr. Chairman—

Mr. Macdonnell (Greenwood): I will not permit anyone else to have the floor.

Mr. Gardiner: My hon. friend is not going to put words in my mouth. I was not talking about the British people.

Mr. Macdonnell (Greenwood): I will not allow the minister to interrupt.

Mr. Gardiner: It is all on *Hansard.*

Mr. Macdonnell (Greenwood): Mr. Chairman, who has the floor?

The Chairman: The hon. member for Greenwood has the floor.

Mr. Macdonnell (Greenwood): I will go on. The minister is such an experienced parliamentarian that he can shout us all down, and he gets away with things that we amateurs cannot very well do.

Mr. Gardiner: After that statement, I am sure you will permit me to say that I did not refer to the British people. I made it very clear I was not talking about the British people. I said "officially".

Mr. Macdonnell (Greenwood): I will accept that correction. We will say the officials or the government. Nevertheless what I say is that the impression remains and will be carried into the press—indeed I should very much like to see the press release to see how it was put out—that somehow or other the British people are not being co-operative, the British government is not being co-operative. The government represents the British people. I do not take very much stock in that distinction although I accept it.

Mr. Gardiner: I know you will allow me to correct you—

Mr. Macdonnell (Greenwood): No more interruptions, Mr. Chairman; I have the floor.

Mr. Gardiner: There is no press release.

Mr. Macdonnell (Greenwood): I have the floor. In my opinion it is being done to becloud the issue. It is good footwork. I have always admired the minister's footwork, but never so much as I did this morning. He is able to say—and I think with truth—that he has been a friend of Great Britain. I think that is true. I think he can point to many things which have greatly helped Great Britain for which he has been responsible, but nevertheless now there is a different situation. We have a change. We have to get off on a new track, and the minister's speech is very clever on that point. I think he has deliberately tried to create what to me, at any rate, is an entirely false impression of the situation in Great Britain, and of their attitude. The second thing I want to say is—

Mr. Gardiner: I cannot be responsible for your impressions.

Mr. Macdonnell (Greenwood): I am giving my opinion for what it is worth. It is just the opinion of a private member for what it is worth. The second thing is that a short time ago we had a picture of the minister, this great free trader, going into what he would have called years ago the home of high protectionism. It is almost like the bible picture of the lion and the lamb lying down together. We had the minister creating a lovely picture of how we were going to get along by pulling up each other's bootstraps. In other words, the west was going to grow prosperous by selling to the east, and the east was going to grow prosperous by selling to the west. The minister very modestly suggested that that was due to what the government had done. He forgot to refer to the Marshall plan. He forgot to point out we were still making advances to enable the British to pay.

Mr. Gardiner: I did not forget those things at all.

Mr. Macdonnell (Greenwood): All I want to point out is that that is another of those befuddling statements which are intended to lull the Canadian people into a sense of entirely false security. But do not take my word for it. I want to quote a short extract from a newspaper which often supports the minister, and of which I imagine he often thinks well. It refers to a statement along the same lines made by the Minister of Trade and Commerce. The article is from the Winnipeg *Free Press* of November 16. It deals with a statement made by the Minister of Trade and Commerce concerning the importance of the home market. I think the Canadian people had better realize the implication of the statement which apparently is that somehow or other we are going to get on very well by the east selling to the west and the west selling to the east. That was the general impression left by a part of what the minister said. The minister is very adroit at slipping in words here and

there which enable him to come back later and say, "That is not what I said at all." I want to put forward what an ordinary fellow like the hon. member for Greenwood takes out of what the minister says. This is the quotation from the *Free Press* commenting on the speech by the Minister of Trade and Commerce:

> It has to be realized, however, and doubtless Mr. Howe realizes it, that the abundant domestic market which is absorbing more and more of our Canadian production is abundant mainly because our export trade is high. When Canadian farmers, lumbermen, miners, fishermen and factory workers can sell their products outside Canada they have money in their pockets to buy Canadian goods.
>
> As proved again and again throughout Canadian history a serious drop in foreign exports instantly impoverishes a large part of the Canadian population, reduces its consumption of Canadian as well as foreign goods and thus slows down the whole national economy.

This morning, as I say, the minister has tried to divert our attention and make the British government the villains of the piece, or at any rate the un-co-operative people. I got it right that time, I hope; not the British people but the British government, which to all intents and purposes is the British people. I hope the public of Canada will not swallow that, will not fall for that piece of fast footwork. I hope also the public will realize, notwithstanding all the Pollyanna statements of the various ministers, that foreign trade is vital to us and that if we begin to lose our foreign trade our prosperity will not remain.

Item agreed to.

Demobilization and Reconversion—

43. Freight assistance on western feed grains, $4,750,000.

Mr. Charlton: There is an apparent reduction of $16 million in this item, but $12 million has been added in a supplementary item, which still leaves a reduction of some $4 million. As I understand it, order in council P.C. 3803, dated July 29 and effective August 1, changed this whole situation. Will the minister tell us exactly what this freight assistance was before that order in council was passed and what change was made by the order in council with respect to those in the east who buy this grain?

Mr. Gardiner: The amount provided in these estimates is to the end of the financial year; but if the policy is continued longer supplementary amounts will have to be provided as well. I understand the figure up to the present is about $17 million, which will have to be provided eventually if the policy is continued.

Answering the other question concerning the change of rates into Ontario, that has to do with the fact that there were increases in freight rates generally, and as a result changes had to be made in the amounts charged not only in Ontario but elsewhere. At the time that was being done it was realized that since the policy was put into effect certain discrepancies have developed in the amounts paid in Quebec and the provinces further east as compared with Ontario, owing to the fact that some of the grain coming into Ontario is shipped in by water, some partly by rail and some by rail, water and truck. The changes were made in order to adjust that position so that the farmers in the various areas would benefit more nearly to the same extent. That is the general reason, without going into the detailed changes that were made.

Mr. Charlton: Would the minister explain in more detail just what those changes were? As I understand it, no payment is to be made now for trucking, and the amount paid at the various ports along the lakes varies. Previous to this order in council the amount was the same at all ports, about $5.40 per ton. I believe the minister should give us the amounts paid these various companies at the different points, such as Owen Sound, Goderich and Port Colborne. As I say, the rate formerly was the same in all ports. Since the adoption of P.C. 3803 that system has been changed and a graduated scale has been adopted. In Georgian bay ports, Goderich, Sarnia and Walkerville the amount is $3; in Port Colborne it is $3.60; in Toronto it is $3.80; in Kingston it is $4 and in Prescott it is $4.15. Under the previous arrangement, when the same amount was paid in all ports, a man at Goderich would be getting very much more in proportion than a man at Prescott.

Mr. Gardiner: The position in Ontario is different from that in some of the other provinces in this way, that a very considerable part of the grain coming to Ontario for feed purposes is unloaded at Georgian bay ports. Another considerable portion is unloaded at Toronto; some is brought to Prescott, and so on. At one time we did allow special rates for trucking in Ontario which were not allowed in any of the other provinces. We also had certain provisions concerning the relationship between rail shipping and lake shipping which we considered gave Ontario an advantage over some of the other provinces. The first order in council was intended to more or less equalize the returns in Ontario as compared with the returns in other provinces, and the second order in council put into effect a 50 cent increase in the rates due to the fact that the railways had been given an increase in freight rates.

Mr. Charlton: The minister still has not answered my question. Is it not true that previous to this order in council each company, regardless of where it was located, received the same freight assistance of $5.40 or $5.50 per ton?

Mr. Gardiner: That was true, and under that method some got more than their costs. That situation has been corrected under the order in council as finally approved. I think they are pretty well all satisfied with the arrangement that has been made. Naturally there was some criticism from those who were going to get less than they had received before, but I think it is pretty well agreed that they were getting more than they were entitled to previously.

Mr. Charlton: Consideration has not been given to paying for trucking from these various points?

Mr. Gardiner: No.

Mr. Charlton: As long as the shipment is by rail the assistance is given?

Mr. Gardiner: On carload lots.

Mr. Charlton: By rail?

Mr. Gardiner: Yes.

Mr. Charlton: Up to the maximum of $5.50?

Mr. Gardiner: I think it is $6 now. It was $5.50 before the last order.

Mr. Charlton: And nothing is to be allowed a chap who may be thirty or forty miles from Goderich, for instance, and who wants to truck the grain to his mill? He is not allowed anything for that trucking, though obviously it would not pay him to put the grain on a railroad car and ship it that short distance?

Mr. Gardiner: Well, there are great difficulties in connection with the payment of freight moved by truck. Everyone moves grain by trucks. If a company decides to move its grain by truck instead of by rail, that is its own choice. I am afraid it would be an impossibility to administer payments of that kind to everyone who would be entitled to them if you started paying freight on trucks.

Item agreed to.

45. Dairy products board, $22,022.

Mr. Charlton: I understand the government now is releasing the more than 48 million pounds of butter held in storage by the dairy products board. Just what percentage of that butter has been disposed of, and how is it grading, coming out of storage? What percentage of the butter is grading No. 1?

Mr. Gardiner: It is grading out exceptionally well. To date there has been approximately 5 million pounds of it sent out. It is going out in carload lots to persons who desire to distribute it.

Mr. Charlton: The minister says it is going out in car lots. I understand some of it is being trucked from these warehouses; is that correct?

Mr. Gardiner: No. The packing house in the town in which we had the meeting the other night made an application to me to make representations to the officials that they be allowed to truck some of it, but to date no trucking has been allowed.

Mr. Charlton: It is only sold in car lots?

Mr. Gardiner: It is sold in car lots.

Item agreed to.

Demobilization and Reconversion—

667. Freight assistance on western feed grains—further amount required, $250,000.

Mr. Knowles: These supplementaries are the ones which are known as the Newfoundland supplementaries. Will the minister say whether this money was used as freight assistance to get feed grains into the province of Newfoundland?

Mr. Gardiner: Yes, we are obligated to give some consideration to the farmers who want to take feed grain into Newfoundland, just as we give assistance to the other maritime provinces.

Item agreed to.

755. To provide for payment of compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates, $1,815.

Mr. Charlton: This item has to do with the Animal Contagious Diseases Act. Will the minister give the committee an idea what the cost will be as a result of the amendment to that act?

Mr. Gardiner: I am not yet in a position to state what it is going to cost. An estimate was made at the time the amendment was under consideration, but it has slipped my mind. The act does provide that the government will pay for all cattle that went to the tank from April 1, 1947, down to the present time. We shall continue to pay on that basis for all cattle that go to the tank. It is presumed payment will be made on the basis of the average price those cattle would have brought on the open market. I have no estimate of what the amount will be.

Mr. Charlton: At that time we were told that the payments under the retroactive part of the legislation would be based on the average for three-month periods.

Mr. Gardiner: Yes, I think the act gives the minister authority to arrange some regulations that will apply. I am not sure whether it will be three-month periods, but there will be some period over which we will average it. It will depend upon when the price changes came into effect. There were certain price changes following the war, and we will try to set it so that whatever the period is the average price will be about the same throughout that whole period.

Mr. Charlton: That average has not been worked out as yet?

Mr. Gardiner: No.

Mr. Charlton: Can the minister say when he reasonably expects that to be worked out, and when the payments will be made to the farmers?

Mr. Gardiner: It is estimated we will have the payments made by the end of this fiscal year, or within a short period running into April which is always allowed for the final cleaning up of payments charged to the fiscal year. We will have the records completed and the cheques out.

Mr. Charlton: By the end of this fiscal year?

Mr. Gardiner: Yes.

Mr. Charlton: There is no item in the estimates for that, so how can the money be available?

Item agreed to.

DEPARTMENT OF TRADE AND COMMERCE

413. Departmental administration, $468,107.

Mr. Macdonnell (Greenwood): Is the minister going to make any general statement of any nature concerning the work of the department?

Mr. Howe: I made a comprehensive statement when this item was called on December 1.

Mr. Knowles: That statement, of course, was before the statement the Minister of Agriculture made this morning. I do not rise to pursue that, but I should like to ask another question. It relates to the employees of the board of grain commissioners, which I understand comes under the minister's department. Would he like to have the question now, or is there some other item upon which I should ask it?

Mr. Howe: It should be asked when we reach item 430, the administration of the Canada Grain Act.

[Mr. Gardiner.]

Mr. Knowles: All right, I shall wait until then.

Mr. Drew: Mr. Chairman, the department whose estimates have just been completed has some relationship to the discussion now before us, because of the similarity of the subject matter in so far as a number of the items are concerned. One of the points I should like to emphasize particularly is something that was said by the Minister of Agriculture in a speech he made last year in London. It was delivered to the chamber of commerce on December 17, 1948, and I am referring to it because of what seems to me to keep recurring in any discussion of trade, or of our business activities of any kind.

After reviewing the situation with which he thought Canada was confronted at the time, the Minister of Agriculture said this—I suggest that it has a great deal to do with the whole trade and commerce situation with which we are confronted.

> I am convinced that the world is not in any state of mind where it can expect to agree that the manipulation of any system or systems of currency is going to be allowed to interfere with the will of those who have empty stomachs, when it is preventing surpluses of food to get to them. It might be a good thing for everybody if they closed down United Nations' meetings long enough to permit of the United Kingdom and United States experts getting together and settling some basis upon which dollars and sterling can be converted, to allow nations like Canada to produce food to feed the starving millions, and distribute it.

In those words, I believe the Minister of Agriculture has pointed to the greatest need of this period, if we are not to find barriers in the way of trade which will cause difficulties, no matter how optimistic the predictions might be. I repeat the suggestion that was presented earlier in this session, that the government of Canada should not wait for action to be taken by the government of the United Kingdom and the United States but that it should itself take the initiative in seeking to find some way in which Canada can trade with the sterling area. If this problem is tackled, I believe that we may find the solution for the broader problem; because if we can find a way to trade effectively with Britain, then at the same time we shall have found a way to trade effectively with the rest of the sterling area; and if we find that solution, we shall have found a solution for the broader problem, which will be to the advantage of the United States as well as Canada.

There is a reason why Canada is in a better position to make proposals which might solve this problem than is the United States. Even with the full recognition of the great service that the government of the United States has done to all mankind by the financial resources which that government has

made available to the nations of Europe and to other nations throughout the world during the period of recovery, there is still some measure of reluctance to disregard the possibility that the financial power of the United States may be exercised in a way that might reduce the complete freedom of action of some of the other nations. That suggestion can never be made with regard to Canada. Fortunately we are not large enough, from the financial point of view, to be in a position to threaten the economic position of any other country. Nevertheless, we are large enough, and financially strong enough, to enter into discussions which might form a pattern for other nations in the sterling area and ultimately for a solution of this broad problem.

I am not going to quote in detail the statement of the Minister of Trade and Commerce which gave an optimistic picture that seems to be so greatly in conflict with the picture given to us this morning by the Minister of Agriculture, as to the immediate prospects for the sale of our agricultural commodities. Nevertheless, the speech that he made here on December 1 can be summed up by saying that it was an optimistic speech, and all of us will hope that optimism may be the spirit in which all our problems will be tackled; but it was a speech in which the optimism that was expressed refused to admit the many suggestions that were made that there was a real reason for concern for the immediate trade picture.

It is not necessary for me either at this time to quote the statements made by the leading representatives of the Canadian chambers of commerce, of the exporters' association or of other organizations whose business it is to stimulate the trading activities of this country. Everyone has read them. Everyone knows that there is being expressed, by those whose personal business is export trade, a feeling of concern which is not in keeping with the statements made by the Minister of Trade and Commerce in his speech of December 1.

Then we also have a recent speech by the Minister of Finance in which the word "crisis" appeared in the heading above the speech; and there again we have the difference—

Mr. Abbott: Does my hon. friend think I am responsible for the headings?

Mr. Drew: No. But seeing that it is in the Toronto *Daily Star,* I believed the minister would approve it.

Mr. Abbott: I do not even write the headings in the Toronto *Daily Star.*

Mr. Drew: Perhaps not; but the Toronto *Daily Star* of course has such a measure of intimacy with the government that I thought possibly we might take the heading as an accurate interpretation of the speech.

Mr. Abbott: It is a great newspaper.

Mr. Drew: I felt sure that the minister would agree with that. We have the constant appearance of the word "crisis" and the word "threat", and now today we have the statement by the Minister of Agriculture that we are being squeezed out of the British market.

It is not necessary to debate what the interpretation of any of these statements or speeches really should be. If confirmation were needed of the real concern which has been felt for some time by Canadians about the future of our export trade, particularly in the line of agricultural products, that doubt was removed this morning by the speech of the Minister of Agriculture. The question before us is not whether there is danger to our export trade, but whether it is possible to find any way to meet the situation with which we are confronted today.

It may well be that the Minister of Trade and Commerce is not the one to deal with financial problems as such; but again may I point out the recurrence, in speech after speech of those in the government ranks and in statements prepared by government agencies, of expressions of the need for finding some solution to the present problem presented by the inconvertibility of sterling and dollars.

This is not a problem that we can sit back and wait to see solved. Our position is not the same as that of the United States. This is a special problem of our own. With the importance of overseas export markets—and I underline those words "overseas export markets"—it is essential to the future prosperity of this country that we should not wait for any other nation to find a solution of that problem which now confronts us and which presents these immediate dangers, as was clearly expressed by the Minister of Agriculture today. Shipping, shipbuilding, the export of our industrial products and of our agricultural products, all are related to a solution of this difficulty, as has already been stated in this chamber and as has appeared in reports of such government agencies as the maritime commission. Therefore, without seeking to go back and balance one interpretation against another of the things that have been said in the past, I urge with all the earnestness that I believe the present situation demands that in meeting problems of trade and commerce, particularly export trade, Canada take the initiative in trying to find

a solution to the very difficulty which was so clearly stated by the Minister of Agriculture in London last December.

As he said at that time, I do not think the people of Canada or the people of the rest of the world are nearly so concerned about the details of exchange problems as they are about finding a way in which we can trade, and finding a way in which there can be convertibility of money, no matter what the unit of money may be. We do not want to see this world divided into three economic areas, one behind the iron curtain, one in the sterling area and one in the dollar area. I would hope that, without any regard to past statements or past points of view, Canada for the particular purpose of holding our trade and expanding it in the years ahead will take the initiative in seeking a solution of this very grave problem.

Item agreed to.

414. Commodities branch, including assistance in the development of markets and the procurement of supplies, and contributions as detailed in the estimates—a proportion formerly under demobilization and reconversion, $753,324.

Mr. Macdonnell (Greenwood): Would the minister say a word on this item? I was not here when he gave his preliminary statement. If it was covered in that I shall drop my question.

Mr. Howe: This represents the cost of the commodities branch of the department, and includes all the specialists in such subjects as textiles, steel and lumber who operate in various parts of the world to advise the department on commodity matters.

Mr. Macdonnell (Greenwood): To what extent is it an increasing or decreasing operation?

Mr. Howe: This item represents an amalgamation of branches formerly under the Department of Munitions and Supply. Formerly, for instance, lumber, steel and several other items were administered by that department, later by the Department of Reconstruction and Supply, and then finally were absorbed into the Department of Trade and Commerce. I doubt if there will be any great reduction. I believe this is a most valuable service, and I should think it is being stabilized at about this year's level.

Mr. Macdonnell (Greenwood): It shows an increase of $413,676. The minister says it represents functions formerly performed in the Department of Munitions and Supply. What is the over-all net position in the way of costs?

Mr. Howe: The sum of $237,540 was included in last year's estimates of the Department of Reconstruction and Supply.

[Mr. Drew.]

Mr. Macdonnell (Greenwood): So that, over all, it is roughly an increase of about $200,000.

Mr. Howe: An increased cost, over all, of about $50,000. There were two items in other departments last year. One was in the main estimates of the Department of Trade and Commerce, and then there were the demobilization and reconversion estimates of the same department. The amounts are $124,260 and $237,540.

Mr. Macdonnell (Greenwood): Are those to be added together and then deducted from $413,676?

Mr. Howe: Those two added together with $51,000 which is the increase in the vote make the $413,000. If the hon. member will take $51,800 and add to it the $124,000 voted last year under the demobilization item of the Department of Trade and Commerce, and then add to that the $237,000 voted last year under the Department of Reconstruction and Supply, he will find that the whole thing adds up to $413,000.

Item agreed to.

416. Publicity and advertising in Canada and abroad, $267,210.

Mr. McLure: What type of advertising generally is carried on in the interests of Canada abroad?

Mr. Howe: Generally speaking, advertising abroad is in support of our international trade fair, as well as advertising special features in special countries which will be helpful to Canada's trade. Practically all the advertising is done outside Canada.

Item agreed to.

417. Economic research and development branch, including the conducting of investigations and reporting upon commercial relations and foreign tariffs, and the development of Canadian industry, and a contribution of $8,400 to the international customs tariffs bureau—a proportion formerly under demobilization and reconversion, $536,960.

Mr. Macdonnell (Greenwood): Would the minister comment on this increase?

Mr. Howe: There was an item last year for industrial development, commercial relations and the foreign tariffs division which now has been amalgamated with this division. The hon. member will note a decrease of $130,000 in the former item, which amount has been transferred to this item. The vote in the Department of Reconstruction and Supply last year for the same purpose was $271,482.

Mr. Macdonnell (Greenwood): Perhaps I might be permitted to ask a further question on item 413. I notice at page 257 that while

previously the department had a confidential messenger, he has now turned into a packer and helper. Can the minister explain that?

Mr. Howe: I am sure I do not know. I have one messenger who has been with me since I entered the government in 1935—but I have no packers and helpers.

Mr. Macdonnell (Greenwood): You have not lost confidence in him?

Mr. Howe: No, he is still my messenger, and doing very well.

Mr. Fleming: I presume he has been screened.

Item agreed to.

418. Exhibitions generally, including a contribution of $1,000 to the international bureau of exhibitions, $328,832.

Mr. McLure: Is this for the travelling exhibition, the one which is designed here and is sent abroad?

Mr. Howe: Yes; such as the various exhibits we had in London at the time of the British industries fair. We also show at most of the industrial fairs throughout Europe and in other countries. We have exhibits at fairs in the United States as well.

Mr. Macdonnell (Greenwood): I am not going to ask the minister to make a long statement at this stage, but could he give us a word or two as to his views on the success of these exhibitions. I do not suppose you can measure this in actual volume of order, but the minister must have some yardstick.

Mr. Howe: Our exhibit at the British industries fair this year was devoted wholly to showing the opportunities for British imports in Canada. We believe that the people of Canada should be represented at these international fairs and we try to prepare our exhibits in a way that will best serve the interests of Canada at that time. I find it difficult to assess the value of these undertakings. I have tried to get independent views as to the success of the international trade fair in Toronto and I must say that at the moment I am not sure whether the fair is sufficiently valuable to warrant its being continued. I decided that we would try the fair one more year and have another look at the situation. I confess that I am not an expert in judging the extent of benefits from fairs and exhibitions.

Item agreed to.

Dominion bureau of statistics—

427. Census of population, including a contribution of $3,146 to the inter-American statistical institute committee on the 1950 census of the Americas, $569,836.

Mr. McLure: Has there been a census since 1941?

Mr. Howe: The taking of a census is an important part of the work of the department and a staff is employed continuously. There was a census of the western provinces in 1946.

Mr. McLure: Will there be a census in 1951?

Mr. Howe: Yes, a dominion census.

Item agreed to.

429. To hereby authorize the Canadian wheat board to buy rapeseed and sunflower seed from producers at a price of six cents per pound for the best grade f.o.b. local shipping point and at appropriate prices for other grades during the period commencing on August 1, 1948 and ending on July 31, 1949 to sell rapeseed and sunflower seed so purchased or the oil extracted therefrom as directed by the Minister of Trade and Commerce; to enter into such contracts as the said minister may direct for the carrying out of any of these operations, $1.

Mr. Quelch: Could the minister make a statement with regard to the wheat pool and the outlook for another payment at an early period?

Mr. Howe: I can say definitely that another payment will be made, but it is too early to indicate the size of the payment. I do not think my hon. friend would expect me to do so at this time.

Item agreed to.

Special—

433. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence under chapter 51, statutes of 1947, $900,000.

Mr. Macdonnell (Greenwood): The minister may remember that last year we discussed item No. 638 to reimburse the Canadian Commercial Corporation for amounts advanced by it as working capital under mortgage security to George T. Davie and Sons, Limited. I should like to have a breakdown of the present item in order to see if any further advances, either directly or indirectly, have been made to the Davie company or its associates.

Mr. Howe: This item has no reference to the Davie adjustment. I am happy to be able to tell my hon. friend that there was a recovery from the Davie item with the result that the loss to the government will be approximately $400,000 on the Chinese ship contracts. This item is to reimburse the Canadian Commercial Corporation for the cost of buying for the armed services. The earlier practice was to charge a percentage of the purchase price to cover the cost of buying but the Auditor General ruled that that was not appropriate procedure for handling sums

appropriated by parliament, and suggested that the cost should be obtained by a vote from parliament. That suggestion is being followed.

Mr. Macdonnell (Greenwood): Then the expenses of the Department of National Defence would be lessened accordingly?

Mr. Howe: No.

Mr. Macdonnell (Greenwood): If an amount is provided to buy things for the Department of National Defence, surely that would not show in that department's estimates as well?

Mr. Howe: This is to cover the cost of the service of buying which we thought should be charged to the Department of National Defence but which the Auditor General ruled to be a service that should be supplied by the Canadian Commercial Corporation at the expense of the Department of Trade and Commerce.

Mr. Macdonnell (Greenwood): This is really a payment to the Canadian Commercial Corporation for services rendered?

Mr. Howe: That is right.

Mr. Macdonnell (Greenwood): I understand that the minister says that no advance of any kind has been made to the Davie people in Quebec since the advances reported last year?

Mr. Howe: That is true, and on the contrary there has been a recovery of about half the amount then outstanding.

Mr. Macdonnell (Greenwood): I want only the net figure. I want to know whether since April 1, 1949, any advance was made regardless of recoveries.

Mr. Howe: Cash was advanced under the vote. In other words, parliament voted some $800,000 which was advanced to the Davie company to permit that company to complete the Chinese ships.

Mr. Macdonnell (Greenwood): It had been advanced before parliament voted it?

Mr. Howe: I think not.

Mr. Macdonnell (Greenwood): That is what we were talking about last year.

Mr. Howe: The commitments may have been made but certainly the cash was not advanced. I believe Canadian Commercial Corporation had made some advances out of its contingent fund. The total amount advanced was the amount of the vote and of that about one-half has been recovered.

Mr. Macdonnell (Greenwood): I had better explain a little further. When we were here last year the situation as disclosed—I think anyone who reads *Hansard* will confirm this—was that money had been spent without authority. Then they came here and the minister said, "If we pass it now, does not that conclude it?" It did conclude it; it covered up an entirely unwarranted expenditure which had been made. Regardless of what recoveries have been made I want to be sure whether further advances have been made subsequent to April 1, 1949. In other words, I want to see if you have been guilty of any more wrongdoing.

Mr. Howe: I can assure my hon. friend that generally speaking the department has been a model of rectitude since that discussion.

Mr. Macdonnell (Greenwood): It is not generally speaking that we are talking about; it is about a particular case and the minister has not answered my question. I want to know if any further advances were made, and I do not care how much you recovered.

Mr. Howe: No advances were made on that account that were not voted by parliament. I think that is what my hon. friend is getting at, is it not?

Mr. Macdonnell (Greenwood): Let us try again. I think if the minister will look at *Hansard* he will see what we were talking about last April, I think it was April 7. At that time the minister came here and disclosed that he had spent some $800,000. There was a lot of talk about legal opinions which eventually were not produced. The minister finally said, and I am bound to say he was correct: Well, anyway, if we vote it now will that not settle it? That was the argument, and when you have a government majority that is prepared to support anything that the government does they can cure it to that extent. The minister has not answered me yet. I want to know whether any further advances were made subsequent to that. The deputy will tell you. Let us know.

Mr. Howe: The deputy tells me he does not know what had been spent at that time. If it was all spent none has been spent since. If only a part of the $800,000 was advanced up to that time, we did advance the balance of the $800,000.

Mr. Macdonnell (Greenwood): That is not an answer. I am not going to hold up the item, but if we let this pass I am going to ask the minister if before the house prorogues he will put on *Hansard* exactly what happened. On that understanding I will let the estimate go; otherwise I will not. I want an answer to this, and I have not got it.

Mr. Howe: This is Saturday afternoon, and we hope the house is going to prorogue Saturday evening. We will try to get the information requested by my hon. friend.

Mr. Macdonnell (Greenwood): I will make the minister a sporting offer. If the house prorogues Saturday evening I will understand that he cannot put it on *Hansard,* but if the house does not prorogue tonight then the minister will undertake to put it on *Hansard.*

Mr. Howe: Agreed.

Item agreed to.

National research council—

441. Salaries and other expenses of the national research council, $8,908,969.

Mr. Green: Can the minister tell the committee what policy is in effect as to inventions which were taken over by the government? I believe there was set up during the war an inventions board which functioned under the research council, but apparently it has now gone out of existence. I wonder if we could be told what body deals with such inventions at the present time.

Mr. Howe: Inventions are handled by the national research council under a policy that has been established within the last twelve months. My hon. friend now asks me what the policy is. I am sending for the officer who can give me that accurately. At the moment I would hesitate to tell the hon. member what the policy is.

Mr. Hatfield: I should like to ask the minister whether officials of this department are allowed to take out patents for inventions they discover while working for the research council, then resign from the research council and go out and make millions of dollars out of the invention.

Mr. Howe: No, the policy definitely does not permit that. Generally speaking, anything that is invented during employment by the government, that is, by a man who is receiving a full-time salary from the government, is the property of the government. What I was going to ask my officer was whether there is any provision for participation by the man. I now am told there is a provision under the policy of national research council that if a patent is sold by the council, the man whose work made the patent possible for the government is entitled to a return of 5 per cent of the gross receipts from the sale.

Mr. Hatfield: The official I have in mind patented this article, resigned from the council, and then went out and made millions of dollars.

Mr. Howe: I suggest to my hon. friend that was not an official of the national research council. I think he was an official of mines and resources, was he not?

Mr. Hatfield: I do not know.

Mr. Howe: If we are thinking of the same man, I think he was.

Mr. Hatfield: He was a full-time employee of the national research council. Let us put it that way.

Mr. Howe: The policy I have just enunciated was put into effect on the first of January, 1949, and applies to inventions from that time on.

Mr. Hatfield: This is before that.

Mr. Green: Is no provision made now for inventions which were taken over during the war? The minister will recall that the men in the forces were asked for suggestions and inventions. I think there were suggestion boxes in the various camps. After the last war and also after the first war I believe Great Britain set up some sort of commission to investigate the claims of different individuals who had made inventions which had been turned over to the country during the war. I am not sure whether that is correct, but I believe some such arrangement was made, and that a somewhat similar arrangement was made by the United States. The purpose was to encourage these inventors. I think there is real merit in giving inventors some encouragement. For example, I understand that the inventor of the jet engine was paid £100,000 by the British government.

Mr. Howe: As a gratuity.

Mr. Green: Apparently the government was under no obligation to pay that, but his work was of such great value that he was paid £100,000. It would seem we have no governmental body in Canada which deals with inventions that were taken over. There was an inventions board during the war, but I believe the order in council creating it has been rescinded. Can the minister tell us whether there is any governmental body now in a position to deal with these inventions? It would seem to me that Canada is not giving the same encouragement to her inventors as Great Britain and the United States are.

Mr. Howe: The position during the war was that all inventions by men in the armed services or men employed on government payrolls, directly or indirectly, had no participation in the rewards from their inventions. The staffs were large; it was too difficult to sort out who was responsible for what. As I say, at the beginning of 1949 a new policy was instituted, which is the government policy for all departments. It applies to the national research council, the armed services and mines and resources. The policy is that all patents are taken out in the name of the

crown, but if the patent is sold 5 per cent of the gross receipts from the sale go to the inventor.

Mr. Green: Does that apply to inventions made before the first of January of this year?

Mr. Howe: No.

Mr. Green: There is no provision whatever to cover them.

Mr. Howe: That is right.

Mr. Macdonnell (Greenwood): I should like to ask the minister to give us as frank and detached an opinion about the work of the national research council as he did about the trade fair. Of course everyone is in sympathy with research. On the other hand, there are many agencies of research throughout the country, and a thing of this kind could run wild. An increase of $3 million is quite large. I realize that it is difficult to measure results by any yardstick, but perhaps the minister would make some comment by way of assessing the work being done.

Mr. Howe: I have no hesitation whatever in saying that the amount spent on research through the national research council is well spent, and is returned to the Canadian economy many times over. It does not take many successes to offset the total expenditure; and the national research council has experienced success in a considerable number of the projects it has undertaken. I believe the growth of industry in Canada has been greatly stimulated by the work of the council in the war years, particularly, as well as by the follow-up work in the post-war years. Canada spends less for research than most industrial countries. We are spending now about ten times as much per capita as we spent before the war, but still we are rather low in the list of industrial countries with respect to the amount per capita spent for research.

Mr. Macdonnell (Greenwood): Proportionately?

Mr. Howe: Per capita.

Mr. Knowles: Has the minister the figures for the United States, the United Kingdom and the U.S.S.R., for example, by way of comparison?

Mr. Howe: I do not have them here but I have seen them. I believe the United Kingdom spends more than either the United States or Canada, while the United States spends much more than Canada per capita.

Item agreed to.

442. Expanded research on the utilization of farm crops (revote), $135,000.

[Mr. Howe.]

Mr. Herridge: This item is worded rather strangely: "Expanded research on the utilization of farm crops." Would the minister explain why the words "expanded research" should appear when there is a reduction of $225,000 in the amount? Would he also give the committee a brief summary of what this research is?

Mr. Howe: This is a capital vote. The item covers the cost of completing the laboratory at Saskatoon, which was constructed in that city by the national research council in conjunction with the university of Saskatchewan.

Mr. Quelch: What kind of work is being carried on? I should have thought that with the difficulty we are experiencing in connection with the marketing of our agricultural products there would have been greater need than ever for research into the utilization of farm products.

Mr. Howe: That is exactly what this item has to do with, research into the utilization of farm products. I wish my hon. friend would not always talk about the difficulty of marketing farm products.

Mr. Quelch: Page the Minister of Agriculture.

Mr. Howe: Even though it may be difficult, as long as we market the products there should be no complaint.

Item agreed to.

446. Maritime regional laboratory (revote $140,000), $478,000.

Mr. Hatfield: Would the minister explain this vote?

Mr. Howe: This is part of the cost of building a branch laboratory at Halifax, Nova Scotia, to work on the special problems of the maritime provinces. It is being built on the campus of Dalhousie university at Halifax.

Mr. Hatfield: What special problems?

Mr. Howe: The utilization of seaweed, for one, and I believe there are several others in prospect. Each region has its own local problems.

Mr. Hatfield: We do not get very much help in connection with potatoes. We get more help from the state of Maine than from the national research council. The university of Maine sends a man around to try and help us, but we get very little if any assistance from the national research council of Canada.

Item agreed to.

Atomic Energy Control Board—

448. Administration expenses of the atomic energy control board, $76,020.

Mr. Green: A dispatch appeared in the press yesterday concerning the talks between the United States, Canada and Great Britain on atomic energy. The last paragraph of that dispatch reads:

> If the Washington view prevails, Canada and Britain will continue to expedite shipment of fission materials to atom plants in the United States. Specific information on atomic techniques, however, will not be exchanged for the immediate future, even on peacetime uses of atomic energy, for security reasons.

That would make it seem that the Americans are sticking to their original plan with respect to the exchange of information on the peacetime uses of atomic energy. Is that the position at the moment?

Mr. Howe: The tripartite talks are continuing. They are highly secret. I cannot make any comment about them except to say that Canada is rather happy about the direction the discussion is taking at the moment.

Item agreed to.

450. Chalk River project—capital and operating expenses, $6,056,670.

Mr. McLure: Here we have a vote of more than $6 million and there is not one word as to how it is to be expended. Is this absolutely a secret society? You would think some little detail would be given, as to whether the money is thrown away or what is done with it. I should like to know how many people are employed up there and how many of them are returned soldiers.

Mr. Howe: At great expense the government sent a committee of parliamentarians to examine the whole situation at Chalk River. If my hon. friend will speak to his colleague the hon. member for Vancouver-Quadra he will be able to get full details.

Mr. Casselman: He will not tell us anything.

Mr. Howe: I must say I hope the committee know more about the situation than I do, because they have been at Chalk River since I have.

Mr. Low: I suggest that hon. members read the report which was tabled in this house on Thursday of this week. If they do so I believe they will get the full content of anything that can be revealed by the committee that went up there.

Item agreed to.

Dominion bureau of statistics—

714. Census of population—further amount required, $30,300.

Mr. Knowles: Part of this item has to do with the decennial census of 1951. Would the minister tell us why this money must be spent in advance with respect to that census?

Mr. Howe: The expenditure has been made to improve the method of taking the census. Experts have been working on that matter, and a new method has been devised. In order to make sure the new method is workable, trial censuses are being taken in certain parts of Canada; in one of the Toronto wards, in one ward in Winnipeg, and elsewhere. I believe about $150,000 is being spent in testing the new method.

Item agreed to.

Dominion bureau of statistics—

901. Statistics—further amount required, $85,076.

Mr. Hatfield: I do not think the dominion bureau of statistics has a very good method of estimating the crops of this country. They do that by sending cards to Canadians all over Canada. This year they estimated the potato crop in New Brunswick at below the yield last year, when actually the yield was twice that of last year. The report from the Department of Agriculture in December reveals that we now have more potatoes in Canada than we had last year. The bureau of statistics estimated that we would have less than we had last year. I think there should be a better method of securing those figures.

Mr. Howe: I shall be glad to call the attention of the officers of the bureau of statistics to the remarks of my hon. friend. We find the same situation with regard to wheat. In some years there is a good advance estimate, but in other years the outcome is widely different from the advance estimate.

Item agreed to.

Canada Grain Act—

905. Operation and maintenance, including inspection, weighing, registration, etc.—further amount required, $18,668.

Mr. Knowles: I should like to ask my question with respect to the employees of the board of grain commissioners stationed at Winnipeg. The question is related to the five-day week, and particularly in the summertime. I realize that the question of a five-day week the year round for government employees is speedily becoming an issue, but for the moment I am speaking of it for the summertime.

The reason I asked the question is that last summer the civil servants thought the five-day week was to be generally applied.

The employees of the board of grain commissioners, and particularly those stationed in the railway yards in Winnipeg, were kept on a 5½ or six-day week. Compared with the railway employees with whom they were associated, and compared with other government employees, that seemed to be unfair. I wrote to the civil service commissioner, and he referred my letter to the deputy minister of trade and commerce. The deputy minister of trade and commerce wrote to me setting out that the federal government had laid it down as a desirable policy, but it was left to the heads of the different departments as to whether or not it was implemented for the employees of that department.

I am rising now to publicly express the hope that, whatever happens to the five-day week for the year round, next summer when the other government employees are on the five-day week it will be applied to the employees to whom I refer.

Mr. Howe: I shall be glad, Mr. Chairman, to call the attention of the board of grain commissioners to the remarks of my hon. friend. The difficulty is that railway movements have to be serviced. The situation is similar to that of the post office in Ottawa. No way has been devised as yet to put the post office employees on a five-day week, because it is a six-day service. I rather think that the same difficulty is found in regard to the employees in question. Some effort will be made to see whether or not an alternative can be worked out, or perhaps the granting of extra holiday time in lieu of that extra day per week.

Item agreed to.

906. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence, under chapter 51 of the statutes of 1947—further amount required, $75,000.

Mr. Hatfield: Does this corporation handle surplus products only, or what kind of products?

Mr. Howe: This refers to the Canadian Commercial Corporation, which buys for the armed services.

Item agreed to.

909. Supersonic wind tunnel building and equipment and to authorize commitments against future years in the amount of $30,000, $275,000.

Mr. McLure: Where is this famous supersonic tunnel?

Mr. Howe: It is located in the city of Toronto, and is operated by the university of Toronto.

Item agreed to.

[Mr. Knowles.]

Atomic Enery Control Board—

910. Chalk River project—capital and operating expenses—further amount required, $375,000.

Mr. Green: This is another item relating to the atomic energy control board. The minister will have read the recommendation of the special committee on atomic energy.

> Your committee has been in existence for only six weeks and in that time has been unable to complete its examination into the field of atomic energy development. Furthermore, this field is a new one, is widening rapidly, and may well be of tremendous importance to Canada. For these reasons your committee recommends that a special committee be reconstituted next session.

I think all of the members of that committee will agree with me when I say our work has been most interesting. I do not think there has ever been a finer spirit in a committee. The minister has 14 keen supporters of the Canadian atomic energy project. Can he assure us that the committee will be set up again next year, so that this work will be continued? All the members of that committee were agreed that it would be a tragedy if the work were allowed to drop now.

Mr. Howe: I presume the next session will come early in the new year. I fully agree with my hon. friend that the work of the committee was splendid. I believe it had a good deal to do with raising the spirits of the staff at Chalk River. It occurs to me that a similar committee might be set up to look into all the work of the national research council, including atomic energy. I am not promising that, but such a proposal could be considered next year.

Item agreed to.

Mr. Knowles: Since when is the Minister of Trade and Commerce responsible for veterans affairs? The chairman has been calling veterans affairs items.

Mr. Green: Mr. Chairman, I understand that those items you have just called were for the Department of Veterans Affairs. If that is correct, we cannot agree to passing them without having the minister here.

Mr. Fournier (Hull): If they were veterans affairs items, I think we should allow them to stand.

Mr. Hatfield: Are we on item 936?

Mr. Fournier (Hull): No, that has been passed.

The Chairman: If the hon. member wishes to ask a question on 936, I believe he should be permitted to do so because there was some confusion in the items called.

936. To provide for the purchase and storage of, and incidental expenses in connection with strategic reserves of materials, $1,293,375.

Mr. Hatfield: Will the minister explain the purpose of this item?

Mr. Howe: Canadian Commercial was instructed to purchase a certain supply of tin and antimony, which materials are obtainable only in the Far East. We have acquired stocks of those two materials, and this item is to reimburse the Canadian Commercial Corporation for that purchase.

Mr. Green: Was that only the one purchase, or is this to be a continuing policy?

Mr. Howe: We accept the advice of the armed services on that point. No purchases have been made since the original purchase of tin and antimony.

Item agreed to.

DEPARTMENT OF PUBLIC WORKS

Architectural branch—

327. Branch administration, $373,105.

Mr. Herridge: I should like to make a few brief remarks on this item of administration. The officials in British Columbia have an exceedingly large area to cover in proportion to their number, and are obliged to do a great deal of travelling. I am now expressing the comments made by a good many people in my own constituency and throughout British Columbia when I say that the Department of Public Works is at the present time understaffed with engineers and senior officials.

I also wish to convey to the minister's officials the appreciation of many in my constituency, particularly those who have had to do with the supervision and building of wharves and docks. I would make particular mention of the most effective work that has been done by the captain of the dredge on the Arrow lakes in the last year or two. That is greatly appreciated by the people along the lakes, because it makes it possible for the steamer to run longer than it has run for some years; and the running of that steamer is important to many of those people. I should also like to express the appreciation of the people living in the Laredo district for the removal of jams in the Duncan river. While a small amount of money has been spent on that work, I have been informed by a good number of people that the work has been done most efficiently and to the great advantage of those residing in the district.

Item agreed to.

329. Maintenance and operation of dominion public buildings and grounds, other than at Ottawa, including rents, repairs, furniture, heating, etc., and to authorize commitments against future years in the amount of $500,000, $11,289,644.

Mr. McLure: Items 328 and 329 might be grouped together. About $20 million is being voted there. Is any of that money for new construction or is it for rent and repairs?

Mr. Fournier (Hull): No. These votes are for administration and maintenance; they are not for new works. They are for the maintenance and repairs on our architects' works in the different districts, Ottawa and outside Ottawa.

Item agreed to.

Construction, repairs and improvements of public buildings—Nova Scotia—

330. Dartmouth public building—addition and alterations (revote $15,000), $39,000.

Dominion—public building—(revote), $25,000.

Halifax—accommodation for customs (revote), $100,000.

Halifax—customs building — improvements and elevator (revote $21,000), $25,000.

Halifax—postal station at Armdale (revote), $43,000.

Halifax—office building, $150,000.

Kentville public building—addition and alterations, $15,000.

Kingston—public building (revote $23,000), $53,500.

Mr. Gillis: I want to ask the minister about this $25,000 for construction of a dominion public building. Is that the building we discussed last year and that was supposed to be utilized for a post office in the town of Dominion, Nova Scotia?

Mr. Fournier (Hull): That is correct. I am informed that we have purchased the site to date and that the plans and specifications are being prepared in the office here in Ottawa.

Mr. Hatfield: Is that for a post office only?

Mr. Fournier (Hull): In Dominion it is a post office, I understand.

Mr. Hatfield: It is not a public building? It is a post office, is it?

Mr. Fournier (Hull): It is a post office.

Mr. Hatfield: How does Dominion get a post office, with a revenue of $3,000?

Mr. Fournier (Hull): Perhaps the case put up by the hon. member for Cape Breton South was a strong one, because it was approved by my officials.

Mr. Hatfield: I have a stronger case than that.

Mr. Fournier (Hull): If as good a case is made for Woodstock, probably they will get one.

Item agreed to.

New Brunswick—

331. Andover—customs and immigration buildings (revote $40,000), $100,000.

Fredericton—public building—site and preliminary work towards construction of building (revote $73,500), $150,000.
Moncton public building—addition and alterations (revote $50,000), $150,000.
North Head public building—addition and alterations (revote $25,000), $32,000.
Sackville public building—addition and alterations, $10,000.
Saint John public building—addition and alterations, $500,000.
St. Leonard—customs and immigration buildings (revote $50,000), $100,000.
St. Stephen—public building—(revote $20,000), $50,000.
Sussex public building—addition and fittings (revote $27,000), $35,000.
West Saint John—terminal building for customs and immigration (revote $200,000), $675,000.

Mr. Hatfield: When is the minister going to comply with the recommendation made on May 6 by the Post Office Department to his department to build a new post office building in the town of Woodstock?

Mr. Fournier (Hull): Ever since the request was made by the hon. member, and approved by the Post Office Department, it has been taken into serious consideration.

Item agreed to.

Prince Edward Island—
332. Charlottetown — public building (revote $100,000), $150,000.
Summerside—public building (revote $50,000), $100,000.

Mr. McLure: I see a vote here for a new building in Charlottetown, Prince Edward Island, and the amount is $150,000. Is there anything in the supplementaries? It will be a poor looking dominion building, at $150,000. I thought there would be about $1,500,000 in the estimates.

Mr. Fournier (Hull): This building is estimated to cost $800,000, but we cannot spend more than the amount of $150,000 in this fiscal year.

Mr. McLure: The other $800,000 has not been voted yet?

Mr. Fournier (Hull): I am giving my hon. friend the estimate we have in the department for that proposed building in Charlottetown. There is another $50,000 for that building in the supplementary estimates.

Mr. McLure: I know that. What properties have been secured for the site of this building? Have any prices been agreed on or have the properties just been taken without any price being agreed on? It has been difficult to get any information for those who are making inquiries, and I thought this might be a time when I could get it.

Mr. Fournier (Hull): The site selected for the proposed building is a city block bounded by Richmond, Queen, Sydney and Pownal streets. I understand that we have taken expropriation proceedings; not long ago, I believe, we made settlements with some of the owners of these properties, but we have not completed the negotiations as to the entire site.

Mr. McLure: When will the contract be let for that building?

Mr. Fournier (Hull): I am told that next spring we will be ready to call for tenders.

Mr. McLure: Will public tenders be called for?

Mr. Fournier (Hull): Yes, absolutely; and the lowest tender, if it is regular, will get the contract.

Item agreed to.

Ontario—
335. Barrie—public building (revote), $80,000.
Belleville — public building (revote $52,000), $100,000.
Brantford public building—elevator (revote), $8,500.
Chapleau—public building (revote $25,000), $91,500.
Chatham—public building (revote $50,000), $150,000.
Cornwall—public building (revote $50,000), $150,000.
Delhi—public building (revote $25,000), $120,000.
Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $100,000, $900,000.
Dundas public building—addition and alterations (revote $20,000), $40,000.
Fergus public building—addition and alterations (revote $29,000), $55,000.
Fort Erie customs building—addition and alterations (revote $50,000), $75,000.
Geraldton—public building (revote $24,500), $120,000.
Hamilton—office building (revote $100,000), $300,000.
Little Current—public building (revote $50,000), $142,500.
Ottawa—additions to mines and resources sites on Booth and Le Breton streets (revote $33,000), $200,000.
Ottawa—building for Department of Veterans Affairs (revote $100,000), $300,000.
Ottawa—central experimental farm—accommodation for staff (revote $6,500), $10,000.
Ottawa—central experimental farm—insecticide building, $35,000.
Ottawa—departmental office building (revote $175,000), $350,000.
Ottawa—east block—improvements, $200,000.
Ottawa—fuel research laboratory—alterations and improvements (revote), $50,000.
Ottawa—improvements to heating in Woods and Canadian buildings (revote $70,000), $85,000.
Ottawa—laboratory accommodation for Department of Mines and Resources, $110,000.
Ottawa—toward accommodation for Department of Mines and Resources, $50,000.
Ottawa—new supreme court building—rehabilitation, completion and furnishing (revote), $200,000.
Ottawa—records storage building—alterations and improvements, $340,000.
Ottawa—testing laboratory for Department of Public Works (revote $50,000), $223,000.
Pelee island—building for Department of National Revenue (revote $5,000), $16,000.

Pembroke—public building (revote $25,000), $100,000.
Peterborough—public building (revote $50,000), $100,000.
Picton public building—addition and alterations (revote), $25,000.
Port Arthur public building—purchase of site (revote), $50,000.
Port Colborne public building—addition and alterations (revote), $26,000.
Sault Ste. Marie—public building, $265,000.
Sudbury—public building site (revote), $165,000.
Tecumseh—public building (revote $31,000), $35,000.
Toronto—city delivery building—extension, restoration, mechanical equipment and addition to site (revote $150,000), $300,000.
Toronto—postal station on St. Clair avenue (revote $85,000), $125,000.
Toronto—postal station "E" (revote $30,000), $100,000.
Welland public building—addition, fittings and improvements (revote $50,000), $250,000.

Mr. Lennard: I am not going to repeat myself. I merely wish to draw the minister's attention to what I said on the Postmaster General's estimates in connection with the Dundas public building.

Mr. Fournier (Hull): I will ask my officials to look into the statement made by the hon. gentleman.

Item agreed to.

Manitoba—

336. Brandon public building—addition and alterations (revote), $30,000.
Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $205,000.
Flin Flon—public building (revote $100,000), $184,000.
Grandview—public building (revote), $49,000.
Pine Falls—public building (revote $35,000), $40,000.
Winnipeg—postal accommodation at Canadian National Railways station (revote $75,000), $100,000.
Winnipeg—public building—site (revote), $150,000.

Mr. Knowles: The last item in this group is $150,000, a revote for a public building site. Is that the site for the new post office building in Winnipeg?

Mr. Fournier (Hull): That is right.

Mr Knowles: Has any money been appropriated yet for any other purpose in connection with that building?

Mr. Fournier (Hull): We have under expropriation some property in this site; there are sixteen properties comprised in it. Valuation was made for the department by Mr. H. R. Veals, real estate, November, 1947. Mr. Veals valued the properties at approximately $317,770. At the time these estimates were prepared it was anticipated that settlement for nine of the properties would be made through negotiations with the former owners. It was anticipated that settlement on the remaining seven would be made through the exchequer court. We will continue the expropriation proceedings.

Mr. Knowles: Have those proceedings been completed yet?

Mr. Fournier (Hull): Not to date. I understand that the cases have come before the exchequer court but that judgment has not been rendered.

Mr. Knowles: Can the minister tell me what arrangements have been made in connection with plans for the building? The next question would be whether tenders have been prepared yet.

Mr. Fournier (Hull): On July 6, 1949, the firm of Green, Blankstein, Russell and Associates, architects and engineers at Winnipeg, were engaged to prepare the plans and specifications for this building.

Mr. Knowles: Those plans have not been returned to the department yet?

Mr. Fournier (Hull): They are not completed yet.

Mr Knowles: Can the minister give any indication as to when construction of that building might be commenced?

Mr. Fournier (Hull): I am told that we will be ready to ask for tenders in June or July next.

Mr. Isnor: The minister will recall that I carried on considerable correspondence with him concerning two post offices. Will he advise the committee if he has decided yet to call for tenders in connection with the post offices buildings at Armdale and Bedford?

Mr. Fournier (Hull): As soon as plans and specifications are ready we will call for tenders.

Item agreed to.

British Columbia—

339. Abbotsford—public building, $91,000.
Dominion public buildings—improvements and repairs, and to authorize commitments against future years in the amount of $50,000, $400,000.
Douglas—buildings for customs and immigration (revote) $120,000.
Haney—public building (revote $47,000) $132,000.
Huntingdon—buildings for customs and immigration, $10,000.
Kingsgate—customs and immigration building (revote) $100,000.
Ladner—public building, $80,000.
Langley Prairie public building (revote $75,000) $129,000.
Nanaimo—public building, $50,000.
North Vancouver—postal station, $225,000.
Ocean Falls—public building (revote $40,000) $75,000.
Osoyoos—customs and immigration buildings (revote $40,000) $100,000.
Smithers—public building (revote) $25,000.
Vancouver—Alvin Estates building—purchase, alterations and extension (revote $800,000) $1,100,000.
Vancouver—Begg building—purchase, alterations and extension (revote $380,000) $620,000.
Vancouver—post office building site (revote $250,000), $350,000.

Vancouver—addition and alterations to postal station at Sea Island airport, $17,000.
Vancouver—building for customs, $100,000
Victoria—public building (revote $50,000), $350,000.
White Rock—public building (revote $25,000), $65,000.

Mr. Green: I should like to ask the minister about two buildings, one of which is known as the Alvin estates building and the other as the Begg building, both in Vancouver, and also about the proposed new post office building for Vancouver.

I would refer first to the Alvin estates building, where the office of the unemployment insurance commission is located. From whom was the building purchased and at what cost?

Mr. Fournier (Hull): The cost will be $862,155. Additional work had to be done to the extent of $200,950. The estimated cost will be $1,100,000. This will be a federal building, and we are going to purchase it.

Mr. Green: From whom was it bought?

Mr. Fournier (Hull): The Alvin estates. I do not know just who they are.

Mr. Green: Surely the minister knows from whom this property has been bought?

Mr. Fournier (Hull): I do not know many people out there.

Mr. Green: Has not the minister any note of the name of the company from whom it was purchased?

Mr. Fournier (Hull): I am told that the deal was between the department and Allan and Viner, builders, in Vancouver. That would be the firm.

Mr. Green: Is this sum of $1,100,000 being paid to Allan and Viner, contractors?

Mr. Fournier (Hull): My deputy tells me that is so.

Mr. Green: Is this the total amount to be involved, or is something more than this $1,100,000 to be paid?

Mr. Fournier (Hull): I am told this is the whole amount for the purchase of the building. At one time we had no space for the unemployment insurance commission. We tried to secure the national defence building, but did not succeed. Then we entered into a contract with these people to put up a building at a stated rental per year, and we have the option of purchasing it after one year's occupancy. We have decided to purchase the building.

Mr. Green: Will the minister table the agreement between his department and this construction firm?

[Mr. Fournier (Hull).]

Mr. Fournier (Hull): Yes. That would be the order in council passed when we undertook to buy the building. There was a clause giving us the option of purchasing.

Mr. Green: Will the minister table in the house a copy of that agreement?

Mr. Fournier (Hull): If we do not prorogue, we shall; if we do prorogue I shall have a copy of the order in council sent to my hon. friend.

Mr. Green: I bring this point up because I think this is a very wasteful way of constructing a building. I understand the picture is this: Certain parties who are pretty friendly to the government got the property first. I believe the price paid originally for the property—that is, the land—was about $45,000. I am not clear whether they bought the land outright or just took it on option. Then this company, the Alvin Estates Limited, was formed; and Allan and Viner, who are the contractors, I believe are two of the men in the company.

Then they transferred the property to the company. Debentures were issued to the amount of $650,000. I think those debentures are held by the same individuals who had the company incorporated. At first they had a very good lease from the department containing the right of the department to purchase. Then the department exercised that right to purchase the building at a total cost, we are told, of $1,100,000.

It is hard to understand why the department did not simply buy the land and erect a building, calling for tenders in the ordinary way instead of going around the corner and dealing with friends, as would appear to have been done in this case. I am afraid the result is that this building has cost a great deal more than if it had been constructed in the ordinary way and if competitive bids had been called. Can the minister say why this roundabout policy has been followed?

Mr. Fournier (Hull): The explanation I have is that at one time the unemployment insurance branch lacked space in Vancouver. We sent out our Mr. Mills to make an inquiry into conditions and he could not find any space in Vancouver at that time. To have put up a first-class building, such as we would have put up in Vancouver, would have taken more time than the securing of this building. A note I have here states that no office buildings for rentals have been constructed in Vancouver since 1939, and that in view of the extremely rapid growth of the city there is no available office space in the locality In March of 1948 Alvin Estates Limited offered to construct a four-storey building and to rent

it to the department on a ten-year lease at a rental of $96,000 a year. There was no available space in the city when this deal was made. We were pressed by the unemployment insurance people who required space for their administration. The offer also included the option to purchase by the department after one year's occupancy. We think it is cheaper to become the owners of the building than to continue to pay rent. During the war and for the last two or three years we have been hard-pressed for building space. In many cases time was of the essence. I am thinking of one case that was settled only two weeks ago at the request of some hon. members.

Mr. Green: Why does not the department purchase land through a real estate firm in the way that an ordinary company would instead of making these payments to friends of the government who have property?

Mr. Fournier (Hull): In normal times I agree that what the hon. member is saying would be the correct thing, that if we had time it would be better to acquire these buildings. The hon. gentleman has been here a long time and he knows that during the war I did not have any estimates for the construction of buildings. For a number of years after the war we were told that we should let materials and labour go for private housing which was in short supply.

Mr. Green: This deal was made last year. Is the department still carrying on in that way?

Mr. Fournier (Hull): In certain cases; in extraordinary cases. The unemployment insurance had to vacate the old Vancouver hotel and we tried to get space in the armouries from national defence but they would not release it. We had a man stationed there who was trying to make some sort of a deal so that unemployment insurance would not be out on the street. I agree that except in these extraordinary circumstances we should construct buildings.

Mr. Green: I do not think the department gets space any more quickly with a deal of this kind than by buying the land and building.

Mr. Fournier (Hull): I have another case in Vancouver where we have been trying to get a site for three years.

Mr. Green: What it all adds up to is that some friend of the government gets a nice bit of money out of this deal. It is a most inefficient way of handling the matter.

Mr. Fournier (Hull): I would not admit that. A man coming to Ottawa may find it most difficult to get an apartment and in order to get one he will do things that he would not do in normal times.

Mr. Mitchell: I have looked at that building and I would say it is the best laid out unemployment office in North America.

Mr. Green: It ought to be for the money.

Mr. Mitchell: I have not the kind of mind my hon. friend has indicated he has this afternoon; I still think most people are decent.

Mr. Green: I object to that. Simply because a member points out how money has been wasted—

Mr. Fournier (Hull): Oh, no.

Mr. Green: Simply because a member points out that a method of acquiring a building has not been businesslike the Minister of Labour gets up and says that the member who makes that suggestion is not doing it in a decent way. I am not going to bother to ask the minister to withdraw that because his statement is just ridiculous.

Mr. Mitchell: I did not say that. This is not a police court; this is the House of Commons.

Mr. Green: Then do not speak as though you were in a police court.

Mr. Mitchell: The hon. member always talks as though he were in a police court.

Mr. Green: I must object to that remark and ask that it be withdrawn.

Mr. Mitchell: I will withdraw it. All I want to say is—

Mr. Green: Be careful that you do not make another remark.

Mr. Mitchell: —that I think most people are decent, even my hon. friend.

Mr. Green: Coming now to the Begg building. Can the minister tell us who has been getting the money in that case and how much it is going to cost?

Mr. Fournier (Hull): This building was purchased from Mr. Begg, the owner. This is another case where we were pressed for space in Vancouver. The hon. member knows the situation out there better than I. Our man was looking over the city and these two buildings were submitted to my colleagues who wanted space and they agreed that they would be appropriate buildings for their purposes. I am told that this building cost $1.06 per cubic foot whereas the buildings we put up vary in cost from $1.25 to $1.30 per cubic foot.

Mr. Green: What is the cost of the Begg building?

Mr. Fournier (Hull): The building is being renovated and two storeys added and I am informed the total cost of the contract will be $1,050,000.

Mr. Green: The item on page 52 is for $620,000; there was a vote for $1,060,000 last year, of which $380,000 was not spent. According to my figuring that makes the cost $1,300,000.

Mr. Fournier (Hull): I am told that the cost will be $1,050,000.

Mr. Green: There is also a supplementary item for $200,000.

Mr. Fournier (Hull): There is one item for $620,000; a revote of $380,000; one for $200,000.

Mr. Green: Is that the total cost?

Mr. Fournier (Hull): That is more than the total cost of the contract, which I am told will be $1,050,000.

Mr. Green: To whom is that money being paid?

Mr. Fournier (Hull): An amount of $375,000 is being paid to Mr. Begg, the owner of the building, and the balance is the contract for the renovating and construction.

Mr. Green: An amount of $375,000 is being paid to the owner. How much was paid to the contractors for remodelling?

Mr. Fournier (Hull): The amount paid to the contractors is $1,050,000, and to the owners of the building, $375,000.

Mr. Green: How much is that?

Mr. Fournier (Hull): $1,425,000; I am just adding the two figures.

Mr. Green: To what contractors was that money paid, the same people that built the Alvin estates building?

Mr. Fournier (Hull): That is what I am told. It is Allan and Viner.

Mr. Green: They are getting $1,050,000.

Mr. Fournier (Hull): They are getting $1,050,000 to put up a building or complete it, but it is not a gift. We have a contract with them, and they are getting the amount for delivering the goods.

Mr. Green: Were any tenders called for this remodelling?

Mr. Fournier (Hull): No, I am told not.

Mr. Green: There were no tenders?

Mr. Fournier (Hull): No. The reason would be the urgency for the building.

Mr. Green: Pardon?

[Mr. Green.]

Mr. Fournier (Hull): The urgency for the building. It was an alteration job. It was not a new job except for the two storeys that were added to it.

Mr. Green: May I point out to the minister that what was done here was to take an automobile show building or warehouse, which was not constructed in the first place for an office building at all—it had no facilities for a large staff—and then add two storeys to it.

Mr. McCann: There was an addition besides that.

Mr. Green: That was done without calling for any competitive bids. The same firm, Allan and Viner Construction Company Limited, apparently got the work. Did they get it on a cost plus basis?

Mr. Fournier (Hull): The fixed fee was $25,000.

Mr. Green: What is that?

Mr. Fournier (Hull): The fixed fee for the erection of these two storeys and making alterations was $25,000.

Mr. Green: Was there a contract?

Mr. Fournier (Hull): There must be a contract. We would not go into a deal like this without a contract.

Mr. Green: The minister and the departmental officials will know whether there was a contract.

Mr. Fournier (Hull): I am told there is a contract.

Mr. Green: Will the minister table it?

Mr. Fournier (Hull): I will send a copy to my hon. friend because if the session prorogues I do not see how I shall have time to table it.

Mr. Green: I am advised that a well-known office building in Vancouver, the Vancouver block, could have been purchased for under $1 million.

Mr. Fournier (Hull): My officers tell me that when our people were out there they could not find space to buy or rent within a distance of ten miles from Vancouver. Do not think we went into these deals because it was pleasant. The taxation division of the Department of National Revenue needed these offices if they were to collect the money owing there. Officials of the unemployment insurance division had to meet the public. The Department of Public Works had to provide the space to do that work. We were under pressure from all departments, and one of the most reliable men of the department, Mr. Mills, an architect, was specially sent to Vancouver to try to find space. I recall the discussions I had with my deputy, and it

was because of Mr. Mills' reports that I agreed to these deals, which are not the normal way of proceeding so far as public works are concerned. I admit that.

Mr. Green: I hope that no more deals of this kind will be put through by the department, and that they will stop handing all these contracts to Allan and Viner.

Mr. Fournier (Hull): I do not know these people at all. I have heard of the Alvin building. If I gave you Mr. Mills' reports on the whole matter, after reading them you will be convinced, I believe, there was no other way to provide space for the Department of National Revenue or the unemployment insurance branch.

Mr. Green: There is a vote for a Vancouver post office building of $350,000, of which $250,000 is a revote. In the supplementaries there is also a vote of $550,000. Can the minister tell us how much money is available now for this new post office, and when it is expected that work will be commenced on it? Two or three months ago press dispatches indicated that nothing would be done for several years. I have a clipping from the Vancouver *Sun* of August 18, the heading of which is:

Five year delay for new post office.

Can the minister answer those two questions, first as to how much is available, and second, when the work will begin?

Mr. Fournier (Hull): The first votes are for the acquisition of the site. The site is the city block bounded by Georgia, Homer, Dunsmuir and Hamilton streets. It was selected after consultation with the Post Office Department, the Vancouver city council, town planning commissions and various business interests. Practically the whole of the site is occupied by very old houses. It is comprised of forty-five individual parcels owned by nineteen separate owners. The total assessed value amounts to $213,800. Valuations of the property were prepared for the department by Mr. Howard Foster and Mr. Alan Ker. Mr. Howard Foster's valuation was $582,500 and Mr. Alan Ker's valuation was $540,650. An order in council dated November 3, 1948, granted authority to expropriate the properties, and I understand that expropriation proceedings are now before the court. As to the delay of five years in erecting that post office building in Vancouver, I may say that is not the intention of the government or the department. The moment we have the site we will have a firm of architects appointed to prepare plans and specifications.

Mr. Green: Can the minister tell us when it is expected that the building will be completed?

Mr. Fournier (Hull): Oh, I should not like to make a guess because you would catch me when my estimates came up in some future year.

Mr. Sinclair: I should like to ask the minister a similar question about the North Vancouver post office for which there is a further item of $225,000. I should like to know when this splendid building he is now constructing will be completed, and whether further money will be required for the purpose.

Mr. Fournier (Hull): It is under construction. I do not know exactly when it will be completed, but we will see that estimates are brought before the house to enable us to finish it.

Mr. Jones: I should like to ask the minister a question regarding the Osoyoos customs building. Has the contract been let for that building? I understand also that additions are to be made to the post office in Penticton. Are any provisions made for that?

Mr. Fournier (Hull): I understand there is an amount of $45,000 in the supplementary estimates for the Penticton building.

Mr. Jones: But what about Osoyoos?

Mr. Fournier (Hull): There is an amount of $100,000 for that building.

Mr. Jones: But has the contract been let?

Mr. Fournier (Hull): We are proceeding with the acquisition of the site, but the contract has not been let yet. I am not sure just where the matter stands at the moment.

Mr. Jones: The minister has no idea whether it will be proceeded with forthwith?

Mr. Fournier (Hull): As soon as the plans and specifications are ready we shall ask for tenders.

Item agreed to.

Maintenance and operation of roads and bridges—

363. Burlington channel bridge, $56,970.

Mr. Lennard: Would the minister tell me whether his department has approached the Ontario department of highways asking their co-operation in the development of some other method of crossing that channel?

Mr. Fournier (Hull): I am told that to date no such negotiations have been entered into.

Mr. Lennard: I am very pleased to hear that, because during the last election campaign I was accused—

Mr. Fournier (Hull): Not by the Minister of Public Works.

Mr. Lennard: I was accused by one of the other candidates during the last election campaign of having blocked such negotiations. That, of course, was ridiculous, but I wanted to clear it up right here; and I am very glad to have that statement by the minister.

Item agreed to.

Ontario—

371. Amethyst harbour—wharf, $11,000.

Belleville—harbour improvements, $23,000.

Britt—wharf (revote $8,600), $12,000.

Brockville—breakwater reconstruction (revote), $98,000.

Burditt lake (Clearwater lake)—wharf, $8,000.

Byng inlet—wharf (revote), $7,300.

Charlton—wharf, $5,400.

Christian island—wharf extension (revote $10,300), $12,000.

Cockburn island—reconstruction of harbour works (revote $56,000), $61,000.

Collingwood — harbour reconstruction and improvements (revote $100,000), $265,000.

Dawson's Point (New Liskeard)—wharf, $7,000.

Dryden—wharf (revote), $10,000.

Fort William—dredging (revote $60,000), $486,000.

Fort William—wharf, $35,000.

Goderich—redredging and repairs to harbour works (revote $30,000), $148,000.

Gore bay—wharf extension, $39,000.

Hamilton — harbour improvements (revote $630,000), $1,000,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $350,000.

Honora—wharf replacement (revote $3,500), $8,000.

Island Grove—wharf (revote), $23,000.

Lion's Head—wharf repairs, $25,000.

Macdiarmid—breakwater replacement, $25,000.

Matachewan—wharf, $6,000.

Meaford—repairs to harbour wall, $30,000.

Michipicoten—dredging, $80,000.

Midland to Parry Sound—towards dredging inside channel (revote $152,000), $162,000.

Millhaven—wharf enlargement, $21,000.

New Liskeard—breakwater-wharf, $8,000.

Nipigon—wharf extension and dredging (revote), $57,000.

Oshawa—redredging, $150,000.

Ottawa (Rideau river)—repairs to walls (revote $56,400), $59,000.

Owen Sound—harbour improvements (revote), $105,000.

Pelee island—wharf reconstruction (revote $50,000), $80,000.

Penetanguishene—harbour improvements (revote $22,000), $35,000.

Port Arthur—dredging (revote $160,000), $165,000.

Port Arthur—breakwater, $500,000.

Port Bruce—reconstruction of pier (revote $38,000) $65,000.

Port Burwell—reconstruction of pier (revote $24,000), $325,000.

Port Colborne—breakwater repairs (revote $24,000), $85,000.

Port Dover—repairs to west pier, $51,000.

Port Lambton—harbour improvements, $35,000.

Port Maitland—repairs to harbour works, $35,000.

Portsmouth—wharf reconstruction, $96,000.

Port Stanley—towards pier reconstruction, $100,000.

Salmon Point—breakwater extension (revote $17,100), $23,000.

Sand Point—wharf repairs (revote $39,000), $43,000.

Sioux Narrows—wharf, $9,000.

South Baymouth—harbour improvements (revote $52,000), $65,000.

Squaw bay—wharf replacement, $19,000.

Stella (Amherst island)—wharf enlargement, $12,000.

Stokes bay—wharf repairs, $29,000.

Tobermory—warehouse and lighting on wharf, $14,000.

Toronto—harbour maintenance (revote $15,000), $59,000.

Toronto—harbour improvements (revote $310,000), $560,000.

Trenton—wharf extension, $20,000.

Wallaceburg—extension to wharf and warehouse (revote $31,500), $38,000.

Waupoos—Waupoos island—wharves, $17,600.

Wheatley (Muddy creek)—fishing harbour (revote $37,000), $80,000.

Whitby—repairs to harbour works (revote), $50,000.

Mr. Warren: I want to say a word on this item. We want a bridge. I think the minister has heard about this bridge before. We want that bridge across the Ottawa river, about four miles east of Pembroke. This is a very modest request, but the matter is urgent; it has been urgent and necessary for the last fifty years, but still the bridge has not been built. I know the plans and blueprints are all ready, and I know the minister will tell me that he must wait until either Quebec or Ontario requests that the bridge be built. I am going to make a suggestion, and I hope the minister will listen. If the provinces hesitate or refuse to approach the federal government, will the minister not consider approaching the public works departments of either Ontario or Quebec, or both, asking them to meet here to consult with respect to this bridge?

The matter is urgent for many reasons. It is important in connection with the tourist traffic. It is important with respect to the health of our people, who for weeks in the spring and fall of the year cannot get to hospital without going four or five hundred miles out of their way, because of blocked roads. We want that bridge and we want it soon; we should have had it years ago. If the minister would just take the bit in his teeth and request the co-operation of Ontario and Quebec we probably would get the bridge. We would like it to be built at once; it is badly needed, and under any circumstances, give us a bridge.

Mr. Fournier (Hull): As the hon. member says, this matter has been mentioned before; but I have never heard of a project of this kind which met with the approval of everyone. It is a matter of time, to see whether the various authorities interested in this project can get together. I can say this, however; that if this government received a letter from the provinces of Ontario and Quebec saying they were ready to contribute to the cost of constructing this bridge, I have the assurance of my colleagues that such a

request would be favourably considered. But, while everyone is thinking of this fine new bridge over the Ottawa river, we have not received such a request.

Item agreed to.

British Columbia and Yukon—

374. Alert bay—wharf, $79,000.
Arrow Park west—wharf reconstruction, $24,000.
Balmoral—wharf (revote), $14,000.
Bear river, Bedwell sound—float, $7,000.
Beaton—wharf reconstruction, $20,000.
Bella Coola—scow grid and loading platform, $26,000.
Blubber Bay—wharf reconstruction, $51,000.
Bull harbour (Hope island)—float, $8,000.
Campbell river—fishing harbour (revote $100,000), $275,000.
Campbell river—wharf replacement (revote), $77,000.
Chemainus—harbour improvements (revote), $10,000.
Comox—wharf replacement (revote $100,000), $132,000.
Davis bay (Wilson creek)—breakwater and float (revote), $17,000.
Dodge Cove, Digby island—wharf, $23,000.
Fraser river—towards improvements (revote), $605,000.
Fraser river (Kirkland island)—replacement and extension of channel protection (revote $13,000), $200,000.
Fraser river and Vancouver harbour—dredging (revote $82,000), $525,000.
Gambier island (Camp Georgia)—wharf (revote), $24,000.
Half Moon bay—wharf repairs and improvements, $10,000.
Harbour and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $425,000.
Lewes river, Yukon—towards taking over, reconstructing and maintaining dam (revote), $37,000.
Lyall harbour—wharf repairs and improvements, $13,000.
Nanaimo—dredging (revote $60,000), $593,000.
Nanoose bay—breakwater, $88,000.
New Westminster—wharf reconstruction and improvements (revote $125,000), $176,000.
Okanagan flood control project—towards dominion government's share of cost (revote $25,000), $500,000.
Port Alberni—dredging (revote $40,000), $85,000.
Port Alberni—harbour improvements (revote $376,000), $460,000.
Port Clements—wharf repairs (revote), $38,000.
Prince Rupert—roadway and renewal of fishermen's floats (revote), $72,000.
Prince Rupert (Fairview bay)—breakwater (revote $75,000), $250,000.
Qualicum beach (French creek)—boat harbour, $75,000.
Robert's Creek—wharf repairs and improvements (revote), $54,000.
Ruskin—wharf replacement (revote), $8,000.
Sandspit—wharf renewal (revote), $75,000.
Sechelt—wharf repairs and improvements (revote), $56,000.
Shawnigan lake—wharf and floats, $15,000.
Snug cove—floats, $8,000.
Sointula—breakwater and floats, $62,000.
Squamish—wharf repairs and improvements, $30,000.
Stewart—wharf repairs (revote), $50,000.
Tofino—harbour repairs and improvements (revote $20,000), $34,000.
Trail—landing (revote), $8,000.
Ucluelet west—improvements, $20,000.
Vananda—wharf replacement (revote), $57,000.
Victoria—dredging—(revote $121,000), $165,000.
Zeballos—wharf replacement, $124,000.

Mr. Sinclair: I want to say a word or two on this item. The hon. member for Kootenay West, speaking a few moments ago, mentioned that the engineering offices in British Columbia are very much understaffed. The district engineer himself is a very able man, but the list of projects included under this item is visible proof that the staff in that province is not adequate, because almost every second item is a revote. One item in my own riding, a small breakwater at Davis bay, has now appeared in the estimates for the third time. The amount involved is only $17,000; the men at any of the logging plants in the vicinity could throw it up in a week without plans, but because of the lack of staff to prepare plans we have had this as a revote for three years.

I suppose I should not complain, since almost one-third of the items in this list are in my riding, but there is a great difference between having an item in the estimates and actually getting the work done. My first request is that the minister take every possible step to see that the New Westminster office is brought up to full strength. Then in connection with the vote for Robert's Creek, for which $54,000 is provided in the main estimates and a further $100,000 in the supplementary estimates, this is one project that certainly should not become a revote. During the recent storms a month ago the work done by the department so far was completely washed away; so I would urge that this money be spent before March 31. It is even more important, I think, that the $100,000 for the assembly dock at Squamish, which was promised in connection with the extension of the P.G.E., be spent and the work begun.

So I urge the minister to see that the civil service commission brings his staff at New Westminster up to strength so that next year we will not have this long list of revotes instead of the finished public works.

Item agreed to.

Newfoundland—

705. Dominion public buildings—construction, purchase, repairs and improvements, $750,000.

Mr. Drew: On item 705, I wish to raise a question with the minister. The member for St. John's East has asked me to take this matter up for him. This item is related to the construction, repair and improvement of public buildings in Newfoundland. On November 21, in a reply contained in sessional paper No. 92A, the Department of Public Works listed the repairs and other public works

projects which were under way in Newfoundland. The first question related to work projects dealing with harbours or rivers generally, undertaken in Newfoundland since April 1, 1949. In answering, the figures are given for the different constituencies, as to the works now under way. In St. John's West the total is $7,500; St. John's East, $9,000; Burin-Burgeo, $47,100; Bonavista-Twillingate, $55,100; Grand Falls-White Bay, $12,700; Humber-St. George's, $10,000; Trinity-Conception, $38,150. It will be noticed that the figures for the constituencies outside the two St. John's constituencies are for large sums, except in the case of Grand Falls-White Bay, and in that case also the sum is larger than that for the St. John's constituencies.

Then, with regard to the question of minor day-labour works undertaken since April 1, 1949, we find that what is being spent in the two St. John's constituencies is quite small when compared with the amounts spent in the other constituencies. I point this out, Mr. Chairman, and I should like to ask the minister if he has some explanation in regard to this. It will be noted that St. John's East and St. John's West are not limited to the urban areas of St. John's, but include a number of ports that are important. There are also requirements for public works in the city of St. John's itself, which is a large city. Will the minister explain the large sums spent in the constituencies which happened to have supported the government candidates, and the small payments in those constituencies which failed to do so?

Mr. Fournier (Hull): I fail to follow the trend of reasoning—

Mr. Drew: It is just a peculiar coincidence.

Mr. Fournier (Hull): I would not even say that. Newfoundland came into confederation on March 31. No staff of the public works department was available in Newfoundland, and we did not have much knowledge of the island. From the head office we sent one of our young engineers, who has a good reputation in the department, Mr. Millar, and several employees of the department, to make a report on the minor works that could be carried out this fall on the island. The list that was given in answer to the return is a list that was submitted to the department by the engineering staff in Newfoundland.

I had not noticed the details on it, but one day one of the members for St. John's spoke to me and said it was on a political basis. I said if it was it had been made by some civil servant because I had not been down there since Newfoundland joined confederation. I have noticed that the two St. John's ridings have received less than the others, according to this list. After my attention was called to it by the member for St. John's West, I made up my mind that in any other list that was brought to my attention, if the need was there, money would be provided for those projects.

Mr. Drew: I do not propose to pursue the matter beyond the fact that I do find the minister's innocence as to the details very touching. I feel quite sure that those living in the St. John's district, which of course includes the different ports as well as the city, will be greatly assured by the statement of the minister that, before any further undertakings are embarked upon, he will ascertain what their needs are.

I raise the question on behalf of one of the members for St. John's, in view of the somewhat interesting statement that was made by a rather prominent man in Newfoundland not long ago, that those who did not vote for the government in power might not find the results too satisfactory. I hope that this is strictly a coincidence.

Item agreed to.

Construction, repairs and improvements of public buildings—Nova Scotia—

858. Barrington passage—public building, $25,000.

Dartmouth public building—addition and alterations—further amount required to complete, $42,000.

Dingwall—accommodation for customs, $9,000.

Dominion—public building—further amount required to complete, $15,000.

Halifax—eastern air command buildings—alterations, improvements and repairs — to complete (revote $45,000), $97,500.

Halifax—customs building — improvements and elevator—further amount required to complete, $15,000.

Halifax — federal building — improvements and repairs (revote $17,400), $65,000.

Halifax—postal station at north end—to complete (revote $6,000), $13,500.

Kentville public building—addition and alterations—further amount required to complete, $7,000.

Liverpool—public building, $25,000.

Pictou public building — improvements and repairs, $32,500.

Shelburne public building—improvements and repairs, $30,000.

Sydney public building — improvements and repairs, $26,000.

Truro—public building, $50,000.

Wolfville public building — improvements and repairs, $30,000.

Yarmouth—public building, $25,000.

Mr. Knowles: With respect to the money allotted to Barrington Passage, Nova Scotia, will the minister say whether it is for construction, repairs or improvements.

Mr. Fournier (Hull): This amount is to provide for the purchase of a site for the erection of a public building for customs, fisheries, post office and the R.C.M.P. at Barrington Passage. The construction of the

proposed building was strongly recommended by the customs and excise division of the Department of National Revenue.

Item agreed to.

British Columbia—

866. Duncan public building—addition and alterations, $27,000.

Langley Prairie—public building—further amount required to complete, $10,000.

New Westminster public building—addition, alterations and improvements, $100,000.

North Vancouver—postal station—further amount required to complete, $25,000.

Ocean Falls—public building—further amount required to complete, $48,000.

Pacific highway—customs building, $25,000.

Penticton public building—addition and alterations, $45,000.

Prince George public building—addition and alterations, $25,000.

Smithers — public building — further amount required, $25,000.

Vancouver—Begg building—purchase, alterations and extension—further amount required to complete, $200,000.

Vancouver—post office building and site—further amount required, $550,000.

Vanderhoof—accommodation for government telegraph service, $6,000.

Victoria astrophysical observatory — repairs, alterations and improvements — to complete, (revote), $10,000.

Mr. Knowles: Will the minister look down the list for item 866, until he comes to the last but one, Vanderhoof, accommodation for government telegraph services, $6,000. This is a town up in northern British Columbia, and the people there understood that there was to be an appropriation for a public building to house the various federal government services. I trust that this small item is not the one they thought was going to do that. Can the minister say what is to be expected?

Mr. Fournier (Hull): This amount of $6,000 is required for the purchase of a building, and the erection of an addition thereto, to provide more adequate accommodation for the government telegraph services. I think the former member spoke to me about this place. That is how this estimate came to be put in. It is made up as follows: purchase of the building, $3,500; additions, $2,200; contingencies, $300.

Mr. Knowles: My speaking about it arises out of a conversation with the former member for Cariboo and also out of the fact that I have been in the town. The expectation was not for just a small item like this, but that there was to be a proper federal public building in the town to house the various services. It is quite a sizeable place. The name may look a bit strange to the minister, but it is an important town in that part of northeastern British Columbia. There is no other item in the estimates?

Mr. Fournier (Hull): Not for a new building.

Mr. Murray (Cariboo): May I say that I have had discussions with the department about this matter, and that they are carrying out the wishes of the people there with respect to this public building.

Item agreed to.

870. National printing bureau—further amount required, $1,000,000.

Mr. Hansell: Although this item is for just $1 million, it strikes me forcibly when there is no explanation and no detail given. Will the minister say what the extra $1 million is for? It is a great deal of money to vote when we do not know any detail.

Mr. Fournier (Hull): I always hesitate to speak of my own constituency. This is in order to give out, in the next few months, a contract for the construction of the new printing bureau in Hull. I could not give more details now because plans and specifications are being prepared. This would be the first amount towards this contract. To date we have acquired part of the site. We have had the excavations completed. They are proceeding now with the foundations and this would be for going further in the construction of this building.

Mr. Drew: Will tenders be called for?

Mr. Fournier (Hull): In every case in Hull.

Mr. Drew: When is it expected that this work will begin?

Mr. Fournier (Hull): I cannot give an exact date. They are on that contract for the foundation. The moment the foundations are completed, we will ask for this contract.

Mr. Knowles: This is perhaps a minor point, but I am interested in the name applied to the bureau both in this item in the supplementaries and in the items we had a while ago in the main estimates. Is it proposed to change the name of the bureau to the national printing bureau? It is a perfectly good name, but is it not a change? At the present time it is known as the bureau of printing and—

Mr. Fournier (Hull): Does the hon. member suggest that we change the name?

Mr. Knowles: No; I am saying that it looks as though you have changed the name. It has not previously been called the national printing bureau.

Mr. Fournier (Hull): That is the name of it, to my knowledge.

Mr. Knowles: Was it not the bureau of public printing and stationery?

Mr. Fournier (Hull): No, it was the national printing bureau.

Mr. Knowles: Very well.

Item agreed to.

Dredging—

872. Maritime provinces—further amount required, $109,120.

Mr. McLure: Again I should like to call the attention of the Minister of Public Works to the fact that more dredging is required at Wood Island where the Cariboo-Wood Island ferry boats dock. Last season, on account of lack of dredging there at the proper time, one of the boats, the larger one, was not able to dock and had to be laid up for at least ten days during the best part of the tourist trade. I hope sufficient attention will be paid to dredging there this year, particularly at Wood Island, so that conditions will be satisfactory for the docking of boats.

Mr. Fournier (Hull): I thank the hon. member for calling my attention to the item because I was under the impression that this dredging was completed. If not, I will see that it is completed.

Item agreed to.

DEPARTMENT OF FINANCE

71. Departmental administration, $1,326,285.

Mr. Drew: I do not intend to make any extended remarks on this item or on the items before us generally because the affairs of the Department of Finance have been dealt with otherwise in other discussions, except for various details which are before us and which will be examined as we go through the estimates. Neither do I propose to raise some of the subjects that might be raised at this point in connection with the Department of Finance, because I recognize the fact that we are merely dealing with items that are before us and it is either a case of these items being dealt with or otherwise. I only say this because I would not want the omission to discuss any of these subjects that come under the Minister of Finance, such as rent control and matters of that kind, to suggest that I have not a good deal to say about them; I believe, however, that they cannot be effectively covered at this point.

Nevertheless, I should like to say this. I still hope that the Minister of Finance will give immediate and further consideration to the whole situation raised by the action taken with regard to rent control. Recognizing that some change in the situation is going to take place even if only to the extent of some of the provincial governments occupying part of this field, I once again urge him to reconsider what has been done and to recognize the desirability of avoiding the confusion, the dissatisfaction and the unhappiness that have been aroused on all sides by the step that has been taken. It seems clear that what has been done satisfies no one, and that the interests of everyone would be best served by a careful and immediate reconsideration of this problem.

One other thing I wish to mention—and in mentioning it now I hope it may be possible for the minister to give consideration to it. The amount involved may be relatively small, but the principle is important.

Perhaps the minister will have seen, as I did, reference in a newspaper in his own city to the luxury tax on miniature medals. It does seem to me inconsistent that these miniature medals awarded for service or valour, and which must be worn on certain occasions either in mess or elsewhere, by those who continue their service, or those who attend various meetings of their units, should be subject not only to the sales tax of eight per cent but also the luxury tax of ten per cent. I should think the minister might well dispose of that today, because I do not think the same objection would apply to many of the other items covered by the luxury tax. It seems strange to acclaim the service and recognize the valour of men and women who have served during the war only to find that they are subject to a luxury tax imposed by the country they have served so well.

Mr. Abbott: I must confess I have never given the subject consideration, but I shall be glad to do so when the budget is under consideration again. The tax is not a luxury tax as such, but rather a special excise tax which applies to a variety of articles including miniature medals. However, I do not think there is any real hardship. They are worn with a dress suit or a dinner jacket and if a man can afford to rent one of those, I think probably the extra five cents or so involved in connection with the miniature medal is not a very serious matter. However, it will be considered when the budget is under consideration again.

Mr. Drew: I do not wish to labour the point, but might I say I did point out that it was a matter of principle rather than of the actual amount involved.

Mr. Abbott: I saw the editorial in the Montreal *Gazette*.

Mr. Quelch: The Minister of Agriculture and the Minister of Trade and Commerce have stressed the fact that our international trade problems are of a monetary nature.

Is the minister in a position to assure the house that as a result of the conference in Washington and the action of Great Britain in devaluating the pound we have reason to feel that this problem will be smoothed out in the near future?

Mr. Abbott: As I have said in the house before, I have never given myself a high rating as a prophet. I do not intend to attempt to add to my reputation in that respect today. I think that as a result of the Washington discussions, among other things we are getting closer to an understanding of what the real problem is. But it is not a problem which can be solved unilaterally by any nation; and there is no use merely saying that convertibility of currency is desirable, because we all know it is.

I must say I believe all nations, debtor and creditor, must adopt policies which will achieve that desirable end. So far as we in Canada are concerned, it is our belief that we are attempting to follow a policy of that kind. I do not suppose my hon. friend either wants or expects me at this stage to attempt to enter into a discussion on monetary policy. That has been discussed on other occasions, and will of course be discussed again. I am simply saying generally that I think we are making some progress along that line.

Mr. Macdonnell (Greenwood): May I have an explanation for this substantial increase of $343,192?

Mr. Abbott: This increase is proposed to provide for authorized additional positions, salary revisions and annual increases, and to meet the demand for newly minted coin based on the current upward trend of shipments of coin to all agencies of the Bank of Canada for distribution to the chartered banks. Provision is also made for the outright purchase of the Remington-Rand punch card installation in the treasury board establishment section.

As my hon. friend knows, there were substantial salary revisions throughout the civil service last year. The total increase in salaries of staff amounts to $219,122. The express on coin and silver bullion shipments amounts to $50,000, and the acquisition of equipment, $71,545.

Mr. Macdonnell (Greenwood): What, generally, is the occasion for the increase in staff?

Mr. Abbott: The total increase in staff is 58 over the previous year.

Mr. McLure: There are 95 permanent civil servants affected by this item, with a vote of $342,035, and $649,541, or nearly twice as much for temporary assistance. I suggest some detail should be given about this.

Mr. Abbott: There are 349 temporaries in this vote, and 95 permanent.

Mr. Low: Mr. Chairman, there are many things a number of us would like to say on the estimates of the Minister of Finance. We think however that at this stage it would be unwise to try to launch a full-dress debate on the items. One thing I am going to ask is that the minister give us the undertaking that at the next session of parliament he will ask the house leader to bring forward his estimates at an earlier time, so that there may be a full-dress debate on financial policy. There has not been one for some time. I believe there are a number of members who would like to get down to the bottom of that policy, and have a full discussion. I am sure the hon. member for Greenwood would welcome it, and there would also be some others in the same position.

If the minister will give that undertaking and attempt to get these estimates before us earlier so that we may feel we could launch a discussion without delaying the house, we would not be disposed to force a debate at this time.

Mr. Abbott: I shall be happy to do that. As has been suggested in connection with some other departments, at the next session we could call the administration items in a number of departments at as early a date as possible with the understanding that general discussion could take place on those items in connection with matters relating to departments, and not necessarily attempt to cover all the estimates of a department at a particular time.

As the committee knows, one reason why these estimates are brought forward at a later date is that there are so many occasions, in the budget debate or otherwise, to discuss financial and economic matters in which the Department of Finance is concerned. There are always ample opportunities for hon. members to discuss the general financial questions. However I shall be happy, as has been suggested, to arrange to have the departmental estimates opened as early as the house will allow, and to have the first item called in order to permit a general discussion.

Mr. Macdonnell (Greenwood): I welcome what has been said by the Minister of Finance. Not having been a member of the government at any time, it is a mystery which I have never been able to solve why these are left to the last moment when we cannot really

give them the time we should give to them. I hope the minister's memory will be good when we come to the next session.

Mr. Knowles: Mr. Chairman, after what has been said by the two hon. members who have just spoken, I hesitate to deal with a technical matter at this time, but at least the point I intend to raise will not take long to discuss. In fact it may make it possible for the Minister of Finance to clear up a point. I want to make it clear that I do not raise the question in any critical spirit, nor am I opposed to the expenditure of the money involved.

The Minister of Finance and the Prime Minister will remember that a few days ago, when we were discussing the bill to provide salaries for the new ministers I asked whether provision would be made for the usual car allowances that minister's enjoy. The Prime Minister told me that that point had presented itself to him but he had been advised that it would be covered in the estimates of 1931. I made the natural response that I would like to look into it for myself, and I have done that. I have here Appropriation Act No. 5, 1931, which is chapter 61 of the statutes of that year. Item 352 reads:

352. To provide for payment annually from the consolidated revenue fund of the sum of $2,000 to each minister of the crown charged with the administration of a department, the solicitor general, and the leader of the opposition, and the sum of $1,000 each to the Speaker of the Senate and the Speaker of the House of Commons, in lieu of motor cars and their maintenance, including chauffeurs, the acceptance of such sums not to vacate their respective seats in parliament; and to authorize the governor in council to appoint any person now employed in the public service as a chauffeur of a passenger automobile at Ottawa, whose position is abolished, to a vacant position in the public service, provided such chauffeur has been continuously employed as such for at least two years and that the appointment will be made at no higher remuneration than he is now receiving, $42,000.

Actually it was not necessary to read the whole item, but I thought I should, lest after reading only the pertinent part someone should ask that I read it all. As I see it, the point is quite clear. In 1931 the House of Commons passed an Appropriation Act which provided for a sum of $42,000. It is clear from the Consolidated Revenue and Audit Act, which was amended in that same year, that no sum can be paid out in excess of the amount appropriated by parliament. No matter how that item may be worded, I cannot see how an amount in excess of $42,000 can be paid.

I recognize that the word "annually" appears in the item, which might seem to give permission to pay that sum annually; but is it not also essential that the total amount paid shall not exceed $42,000? The fact is that most of that $42,000 was paid in that fiscal year. I looked up the public accounts and found that some $30,000 odd was paid. Section 32, subsection 1, of the Consolidated Revenue and Audit Act, reads:

Balances of appropriations which remain unexpended at the end of a fiscal year shall lapse and be written off.

In other words it would seem to me that whatever was left of that $42,000 as the end of 1931-32 would lapse.

May I call attention to one or two other sections in the Consolidated Revenue and Audit Act. Section 22, subsection 1, reads:

Subject to the provisions of subsection two of this section, no issue of public moneys out of the consolidated revenue fund shall be made except under the authority of parliament.

Section 23 reads:

All estimates of expenditures submitted to parliament shall be for the services coming in course of payment during the fiscal year.

Section 24 is a long section, but it ends with these words:

—not exceeding the amount of the sum so voted or granted.

I come back to the point I made. All I am arguing for is that this $2,000 should be properly provided for by a statute, because it seems to me that once the 1931-32 fiscal year ended, whatever part of that money had not been spent would lapse. I do not see how the government can go on making payments year after year on the strength of the $42,000 voted in 1931.

The item which I referred to is to be found in schedule A attached to chapter 61 of the statutes of 1931; and it is stated that the items in that schedule are based on the main estimates for that year. That act provides that the amounts expended under the terms of schedule A shall not exceed a certain rather large figure.

As the minister knows, there are frequent occasions on which it becomes necessary to get authorization from parliament to make commitments to be expended in future years. Last night we had a case in the Department of Mines and Resources about which I inquired. I confess that I knew the answer before I asked my question, but I wanted to get it on the record. The Minister of Mines and Resources made it quite clear that what the government was asking for was authority to commit the government to a future expenditure, but he answered me, I think correctly, that a vote would have to appear in the estimates for each year in which money was paid to carry out such a commitment. The same thing shows up in the estimates of the Department of National Defence, where a number of commitments are made for future

years, and for which authorization is sought in the current fiscal year. It is always clearly understood that when the time comes to pay the amount committed, it will require a vote of parliament.

I have no thought that I am raising a problem which has not presented itself to others in times past. The Prime Minister indicated that it had presented itself to him this year. I have gone into this as carefully as I can, but I stand to be educated on the point by the Minister of Finance. Nevertheless, it does seem to me that he is going to have a hard job explaining that you can continue to pay out $40,000 a year on the strength of an item voted in 1931. Remember that on that occasion the vote was for a sum of money not to exceed $42,000.

Is this the correct way to do it? Should it not be done by statute? Is it proper to have these items marked "statutory" in the estimates when there is no statute covering them?

Mr. Abbott: As my hon. friend pursues these purely legal questions I always follow his legal arguments with a great deal of interest. Perhaps it is not necessary for me to say that the Minister of Finance has received a formal opinion from the deputy minister of justice that this is what is known as a continuing vote. From year to year the estimates are filled with items of this kind, including a number of pension items, which are voted once in an appropriation bill but which continue as a statutory charge. I used to lecture in the law faculty of McGill before I entered public life, but I have given up that occupation for the time being. If my hon. friend would like further elucidation I am sure the deputy minister of justice would be only too happy to discuss it with him. I can assure him that there is appropriate legal authority for the continuing payment of this item from year to year.

Item agreed to.

Superannuation and retirement benefits—

74. Superannuation and retirement acts, administration, $200,402.

Mr. Knowles: Once again I hesitate to raise questions at this stage of the session, but, as we all know, it is not our fault that these items are called now. I assure the Minister of Finance I shall be very brief.

I should like to ask the minister to go back and read all the things I have said before about superannuated civil servants; and I do want to make a plea, despite the number of times he has turned us down, for reconsideration of the plight of superannuated civil servants, particularly those in the lower brackets. A return was brought down in my name on October 13, 1949, which shows that there are 1,425 retired civil servants whose pensions are less than $40 a month, and that there are 2,463 widows of retired civil servants whose pensions are less than $40 a month. The return is sessional paper 100-A, of Thursday, October 13, 1949. I could give more figures, but those I have given will suffice to indicate that there are a large number of our faithful servants and employees of this government whose pensions are far too small. There is one piece of new evidence that I should like to bring forward on this occasion in support of the case. It is contained in a letter I have from the deputy minister of finance of the province of Newfoundland. I have pointed out on former occasions that the government of the United Kingdom has done something for retired civil servants in the lower brackets, as has the government of the province of Saskatchewan. I now call the attention of the Minister of Finance to the fact that the province of Newfoundland is doing a pretty fair job in the matter of providing cost of living bonuses for their retired civil servants. The figures contained in the letter dated October 31, 1949, which I received from the deputy minister of finance of the province of Newfoundland, indicate the following:

With effect from January 1, 1949, this scale—

This refers to the previous scale of bonuses.

—was repealed and the following introduced . . .

These are the bonuses that are given to retired civil servants in Newfoundland.

	Married Men per cent	Women and Single Men per cent
On pensions up to $600	70	55
On pensions $601 to $1,000	60	45
On pensions $1,001 to $1,500	40	30
On pensions $1,501 up	20	15

If the federal government was prepared to do as well as the province of Newfoundland, it would be of great benefit. Certainly, without trying to pigeonhole that province, it is fair to say that it is not the wealthiest province in Canada. In fact some of those who come from there refer to themselves sometimes as our poor relations. It must be difficult for them to finance things, and yet they are doing a fair job of bonusing their civil servants whose pensions are so low. If we applied even that scale of bonuses to our retired civil servants, in certain cases the results would be as follows: Married men on a pension of $20 a month—and there are 249 of them—would get a pension of $34 a month; $30 would become $51;

$40 would become $68; $50 would become $85; $60 would become $96; $70 would become $112; $80 would become $128; $90 would become $126, and $100 would become $140.

If we applied the Newfoundland scale, the corresponding figures in the case of women and single men would be $31.00; $46.50; $62.00; $77.50; $87.00; $101.50; $116.00; $117.00, and $130.00.

As I say, I am prepared on this occasion to cut my remarks short. I feel keenly about this matter, and I have never been satisfied with the answers the Minister of Finance has given. The only thing I can say about them is that he has been definite. Once he has concluded consideration of a matter and has given us a negative answer, he seems to think he has to stick with it. He sees no reason for reconsidering the matter, but as he and other hon. members of the house know, our superannuated civil servants across this land do not feel that they are getting a square deal, especially those in the lower brackets, and the figures show there are far too many of them.

Once again I make my plea to the minister that he reconsider the whole question. I am sure if it were not so late in the session—it may happen even now—there would be many members of the house who would rise to support me. In fact I hope two or three of them will do so, in order that the minister may know that I am not "a voice crying in the wilderness". I feel that the answers which were given in the last parliament were not good enough. To put it briefly, if a province having the financial difficulties of Newfoundland can do that well; if it can be done in Saskatchewan and the United Kingdom, surely this federal government can do it, and I urge action on this important matter without further delay.

Mr. Green: I should like to join in the plea made by the hon. member for Winnipeg North Centre. There is really very little that can be added to the statement he has made, but I should like to point out to the minister that when these civil servants were making their payments they believed that their retirement allowances would be sufficient for them to be able to carry on. Because of the increase in the cost of living, some of them, particularly those in the lower brackets, are now in a very difficult position. We have a large number of retired federal civil servants in British Columbia, and personally I know of a good many cases in which there is considerable suffering because of the inadequacy of the pension. It seems to me that Canada might very well take the lead in meeting this situation. Certain industries have made some provision in this regard and I suggest that the minister give further consideration to the plea that something be done for retired civil servants.

Mr. Low: I think what has already been said points to the necessity for a re-examination of the whole basis of the pension schemes. There is no questioning the fact that actuarially the whole basis of the contributory pension scheme is wrong from the point of view of the decreasing value of money. You cannot say today, nor can any actuary, what will be the value of a man's pension forty years from now. When we ask for a contribution of a certain percentage of a man's salary and say that in twenty or thirty years his pension will be so much, we are sticking our heads in the sand, because we all know that the inexorable trend is for money to diminish in value, since prices are constantly going up. It seems to me we shall have to call for a complete re-examination of the whole basis of our pension program if we are to give our civil servants a fair deal; and I ask that this be done.

Item agreed to.

Public debt charges—

76. Commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc., $386,400.

Mr. Macdonnell (Greenwood): I should like to know just how this commission payment is progressing. I notice that it is slowly decreasing. I had thought that the repatriation of so many securities during the war would have tended to bring this down. Will the minister explain just how the figure is arrived at? Is it on a percentage basis?

Mr. Abbott: Yes. Owing to the low level of expenditures incurred in replenishing the reserve stock of bonds between 1947-48 and 1948-49, it was originally considered that provision for this purpose could be reduced by some $50,000 for the current year. The balance of the decrease reflected in this item resulted from an expected reduction in the value of coupons to be cashed during the current year, thus requiring less provision for the payment of commission to agents who handle such coupons.

Mr. Macdonnell (Greenwood): Then I want to ask a question in regard to the item covering the cost of loan flotations.

Mr. Abbott: That is a statutory item, but I should be glad to give the details.

Mr. Macdonnell (Greenwood): I wish the minister would explain it briefly.

Mr. Abbott: There was no change in this item, which has remained the same for some years. It is mainly used in connection with the Canada savings bond campaign,

which, as my hon. friend will recall, was the only public issue of securities in Canada during the year.

Mr. Macdonnell (Greenwood): Will the minister give me the statutory reference so I can look it up?

Mr. Abbott: It is the Consolidated Revenue and Audit Act—section 7, I think.

Item agreed to.

General—

84. To provide for the expenses of the comptroller of the treasury's office, $10,459,000.

Mr. Macdonnell (Greenwood): Just a word about the increase here, please.

Mr. Abbott: This is a very large vote, of course. The net increase of $209,000 over the estimate for 1948-49 is due to normal statutory increases, reclassifications and revisions of salary rates; increased costs of printing, stationery and postage, for the registration of income tax refund cheques. This is partly offset by a net decrease of 358 positions and the dropping of provision for unemployment insurance contributions, which are now provided in a specific vote for that purpose.

Item agreed to.

86. The Farm Improvement Loans Act, 1944, and the Veterans Business and Professional Loans Act, 1946—administration, $52,795.

Mr. Herridge: It seems to me this amount is quite high, in view of the amount of business done under this legislation. What percentage does this amount represent of the total business done under these two acts?

Mr. Abbott: This is the administration vote. The increase is due almost entirely to the increased volume of business being done by this branch, which has necessitated an increase of four in the number of positions provided for, and provision for legal and collection costs. There is a proportionate increase in certain other sundry and administrative expenses.

Mr. Herridge: Would the minister give the total amount lent under both acts for the current year?

Mr. Abbott: Total loans outstanding under the first act, as at September 30, 1949, amounted to $46,108,502. The amount lent under the second act is $3,813,483.

Item agreed to.

89. To provide, subject to the approval of the treasury board, for salaries, reclassifications, increases and other paylist items, $20,000,000.

Mr. Macdonnell (Greenwood): I should like a word of explanation on this. Whom does it concern?

Mr. Abbott: This is an apparently large item. As my hon. friend will recall, during the course of the year substantial increases in salary were made throughout the civil service generally, as the result of an investigation carried on by the treasury board and the civil service commission. The ordinary departmental estimates for salaries were inadequate, of course, to cover those increases, and this item is put in to take care of salary adjustments and perhaps unforeseen increases in staff during the year. It is, of course, included in the estimates of the Minister of Finance, but next year the appropriate amounts will be included in the separate departmental estimates, covering the more or less major increases which were given this year.

Item agreed to.

91. To provide for the government's contribution, as an employer, to the unemployment insurance fund in respect of government employees paid through the central pay office, $950,000.

Mr. Fleming: Is this a new item?

Mr. Abbott: Yes; this is the item I referred to a moment ago in connection with the estimate covering the office of the comptroller of the treasury. Last year these amounts were included in the general estimates of each department. Now the total amount is set out as a separate item, under the Department of Finance.

Item agreed to.

Demobilization and reconversion—

93. Commodity Prices Stabilization Corporation, $5,000,000.

Mr. Macdonnell (Greenwood): I observe with satisfaction a decrease in this item; but I should like to know what commodities are still being stabilized, and why?

Mr. Abbott: This item was included last year, when the estimates were being prepared, as a clean-up vote. I am informed that according to present indications very little of this amount of $5 million will in fact be needed this year. The Commodity Prices Stabilization Corporation has pretty well completed its operations, which now consist largely of recovering the overpayment of subsidies which were made through profit control arrangements and otherwise. All important domestic subsidies and bulk purchasing programs have been discontinued for some time past.

Item agreed to.

94. Advances to the Canadian wheat board for payments in respect of flour or food containing wheat for human consumption in Canada, $6,000,000.

Mr. Macdonnell (Greenwood): I should like a word about this item, please.

Mr. Abbott: In accordance with the Canadian wheat board regulations which became effective August 2, 1948, the board sold wheat to fill domestic requirements at a price of $2 per bushel, plus carrying, forwarding and diversion charges. When the wheat thus sold was used for the manufacture of flour or food, other than alcohol, for human consumption in Canada, the purchasers were entitled to receive from the board a refund of 46½ cents a bushel. It was also provided that the board should be reimbursed from the moneys appropriated by parliament for the total amount of the refund paid, for interest on the refunds and for other incidental expenses in connection with their payments. During the previous fiscal year, that is the year 1948-49, the government advanced to the Canadian wheat board in this connection some $11 million, which was later found to be insufficient to cover all payments of the refunds claimed. It is now estimated that an amount not exceeding $2 million or $3 million will be required in this current year to complete the payment of refunds to millers and the processors of flour used for domestic human consumption in Canada during the period from August 1, 1948, to March 22, 1949.

Here again, of course, the estimate prepared some time ago appears to have been more than will be actually needed to complete these refund payments.

Item agreed to.

100. To provide, subject to the approval of the treasury board, for miscellaneous and unforeseen expenses and for the temporary provision of recoverable advances for working capital purposes and for the re-advancing of any such advances repaid, $1,000,000.

Mr. Fleming: Could we have some explanation of item 100?

Mr. Abbott: The purpose of this item, Mr. Chairman, is to provide, subject to the approval of the treasury board, for miscellaneous and unforeseen expenses, and for the temporary provision of recoverable advances and for working capital purposes, and for the re-advancing of any such advances required. Generally, this item provides funds from which important requirements which could not be foreseen sufficiently well in advance, or with sufficient accuracy to enable the estimates to be submitted, may be financed. It is an item which is put in year after year. Obviously, in preparing estimates of over $2 billion, it is difficult if not impossible to foresee every possible item. This is a sort of unforeseen contingency item which is included year after year.

Mr. Fleming: How much was drawn on the item last year?

[Mr. Macdonnell (Greenwood).]

Mr. Abbott: I am told it was $178,000.

Item agreed to.

669. Government's contribution to the superannuation fund—further amount required, $300,000.

Mr. Macdonnell (Greenwood): Why is it that in the main estimate this item has increased $330,000, and yet the situation was so unclear at that time—

Mr. Abbott: This is a Newfoundland item, Mr. Chairman.

Mr. Macdonnell (Greenwood): Oh, I suppose that does explain it.

Mr. Abbott: My hon. friend will recall the explanation I gave last year, that we put in separate items for Newfoundland.

Item agreed to.

671. To authorize payments hereafter required to be made under an agreement entered into between the government of Canada and the government of the province of Newfoundland pursuant to term 27 of the terms of union of Newfoundland with Canada, estimated amount required for fiscal year 1949-50, $4,845,000.

Mr. Macdonnell (Greenwood): Those are the figures settled at the time of confederation?

Mr. Abbott: That is correct. These payments, if made, would be in accordance with the terms of union.

Item agreed to.

781. Servicing of public debt—commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc.—further amount required, $50,000.

Mr. Macdonnell (Greenwood): What is the reason for this increase?

Mr. Abbott: I am informed that the reserves for government bonds, printing and so on, have been depleted as a result of the demand for fresh issues. Perhaps I had better give a more formal explanation.

An unforeseen increase in bonds presented for transfer, both from registered to coupon and coupon to registered, has depleted the bond reserves of several victory loans necessitating a fresh printing by the bank note companies of engraved bonds to replenish the reserves. We always keep a reserve stock of these bonds on hand.

Mr. Macdonnell (Greenwood): What about these commission payments?

Mr. Abbott: There were no commission payments; this is a general item which is always included, and the $50,000 additional is for the purpose I have indicated.

Item agreed to.

938. To provide for administration of the program respecting grants to municipalities in lieu of taxes on crown property outlined in the House of Commons on November 14, 1949, including initial grants and other payments to be made in accordance with regulations of the governor in council, $300,000.

Mr. Fleming: Items 938 and 939 recall a statement by the Minister of Finance a couple of weeks ago concerning grants to municipalities, in lieu of taxes on property owned by the crown in the right of the dominion, or agencies of the crown in the right of the dominion. I do not propose to go into that very confusing statement at great length, but the minister has referred to it since as being a clear statement. There are not many people who have commented upon the statement, editorially or otherwise, who have found it clear. Practically every municipality in Canada has found it a most disappointing statement of policy.

In the light of statements that have been made from time to time by the government, it had been hoped that the government did appreciate that the time had come when it ought, in all fairness, to make to municipalities, in lieu of taxes, grants that would at least be a reasonable approach to the amount that federally-owned properties would have borne in taxes had they been owned by private individuals. The statement which the minister made seems to be based upon the assumption that only the municipalities having more than an average of federally owned property should qualify for any federal assistance whatever. With respect, I believe that is an entirely unfair decision. Here is a government that is amply provided with revenues and which, so far as its taxing powers are concerned, has unlimited sources of revenue. The municipalities with which we are concerned are all suffering seriously from limited sources of revenue and rising costs of services; and, I may say, Mr. Chairman, an extremely unfair burden of services has been cast upon them. There is hardly a municipality in this country, certainly among the larger municipalities, which in recent times has not been ground between the upper and nether millstones of limited sources of revenue and rising costs of services. Formerly, these were regarded as the municipality's responsibility, but today enlightened opinion regards many of them as the proper responsibility of the federal government.

In connection with the recent amendment to the housing act, the minister of reconstruction gave a clear undertaking that, for all the houses that would be owned by the federal authorities or constructed under the new legislation, payments would be made to the municipalities in lieu of taxes equal to the amount of taxes which those properties would have borne had they been in private hands. That was a fair enough example for the Minister of Finance to follow.

Now, Mr. Chairman, the amounts that are proposed by the government for the municipalities are entirely inadequate. Within the city from which I come we have over $13 million of federally-owned property. Under this disappointing scheme which the government has introduced, that city is not going to receive a cent. It is expected to continue providing services. The whole situation is lamentably unfair, Mr. Chairman. I say to the minister that before another session comes around I hope he will have the courage and determination to take the situation in hand and see that fair play and justice are extended to all municipalities which have federally-owned property within their borders.

Mr. Knowles: It is most unfortunate that this item, like so many others, should come up for discussion at the end of a session. I wish to register my protest—

Mr. Fournier (Hull): At this stage, Mr. Chairman, as it is five minutes to six, may I be permitted to move that the committee report progress, and report the resolutions so that we may have Mr. Speaker in the chair?

Mr. Drew: I think perhaps if the minister explained the purpose, it might avoid any unnecessary discussion.

Mr. Fournier (Hull): It is the intention before six o'clock to move the following motion:

That Mr. Speaker do not leave the chair at six p.m. this day, and that for the remainder of this day's sitting, government orders shall have precedence over all other business, notwithstanding any standing or special orders.

I understand we must do this before six o'clock, if the house agrees.

The Chairman: Shall I report the resolutions and ask leave to sit again?

Progress reported.

Mr. Speaker: When shall the committee have leave to sit again? Later this day.

BUSINESS OF THE HOUSE

Mr. Fournier (Hull): By leave of the house, Mr. Speaker, I wish to move:

That Mr. Speaker do not leave the chair at six p.m. this day, and that, for the remainder of this day's sitting, government orders shall have precedence over all other business, notwithstanding any standing or special orders.

Mr. Knowles: There is just one comment I should like to make. I understand the other place has been giving a bit of a rough ride to a bill that we dealt with so favourably last night, and that it may come back to us with an amendment. From the Clerk's nodding his head, I gather that to be the case. I would hope that this motion, if we pass it, would not prevent our dealing with Senate amendments to the Red Cross bill.

Mr. Abbott: You can do anything by unanimous consent.

Motion agreed to.

SUPPLY

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

DEPARTMENT OF FINANCE

Grants to municipalities in lieu of taxes on federal property—

938. To provide for administration of the program respecting grants to municipalities in lieu of taxes on crown property outlined in the House of Commons on November 14, 1949, including initial grants and other payments to be made in accordance with regulations of the governor in council, $300,000.

Mr. Knowles: I was about to express my protest against the formula that the minister has produced with respect to the matter of the federal government paying something to municipalities in lieu of taxes on crown properties. The day the minister announced his formula it seemed to me that, in those earlier stages of what he had to say, it sounded good. I thought he was laying the basis, theoretically, for a formula that would be acceptable. It looked to me as though we would get some sort of sliding scale that, despite its discrimination against some places, would at least be defensible. But when he came down not with a sliding scale but with one that cuts off abruptly, and provides no relief to a great many cities and municipalities of the country, I felt that it was most unfair and certainly did not solve the problem.

I can state my protest perhaps most readily by reading a few sentences from a letter which I received from the mayor of Winnipeg, Mr. Garnet Coulter, which I believe is in terms identical with those of letters received by each of the other members from the city of Winnipeg. The letter is dated December 6, 1949. I am not going to read all of it, but just a few selected sentences that drive home the point. I quote from Mayor Coulter's letter:

In October of this year I was one of a delegation from the executive committee—

[Mr. Fournier (Hull).]

That is the executive committee of the Canadian federation of mayors and municipalities.

—who waited on the Prime Minister when he told us that the government did have a plan under consideration which would be before the present session of the house, and we were all encouraged to believe that this issue was on its way to at least a partially fair solution.

The members of our city council were therefore very surprised and disappointed when the announcement of the details of the government proposal was made by Mr. Abbott. That proposal carries little or no benefit to any Canadian city, with the exception of two or three, of which group Winnipeg is not one. So the old situation still remains with our city gratuitously furnishing expensive services from which the government benefits.

I can assure you that a great deal of resentment has been created, not only here but in the other major cities of Canada, by the action of the government in purporting to deal with the situation and then having produced a formula which does not deal with it with any degree of adequacy.

Then I skip a few sentences in which the mayor tells me that the finance committee asked him to write to all four of the members for the city of Winnipeg, two of us being over here in this group and two on the government side, and then he goes on to say:

I was also requested to urge you, and the other members, to do anything possible to have the proposal revised so that at least some recognition of the moral right of the cities will be given.

My information is that since the proposal was announced by the government it has been scrutinized again by the executive committee and national advisory board of the Canadian Federation of Mayors and Municipalities, and that a protest is being forwarded to the cabinet, as well as a counter-suggestion, that the government should make payments in lieu of taxes to the extent that the government properties receive service benefits from the respective cities.

The letter has another paragraph and then it is signed: "Yours very truly, Garnet Coulter, mayor".

I have two or three questions to ask. First of all, I should like to ask the minister whether the protest and the counter-suggestion referred to in Mayor Coulter's letter have been received and whether consideration has been given to such correspondence. My other question is this, and I ask it in the light of the discussion a few minutes ago about ministerial car allowances. Is the wording of this item such that it is a continuing item that does not have to be voted again?

Mr. Abbott: No. In my public statement I announced that we put a single item in this year, and that a special statute would be introduced at the next session.

Mr. Knowles: That is fine.

Mr. Abbott: That is in my statement.

Mr. Knowles: So this is just for the current fiscal year. Will the minister tell me whether

this protest and counter-suggestion have been received since his statement was made and whether consideration has been given to them, in the light of the assurance that the mayors felt they had had from previous interviews?

Mr. Abbott: I do not recall that particular protest. When the federation of mayors were here, in their brief they expressed some dissatisfaction with the formula as they understood it. Perhaps I might say at this point that there is not a great deal that I can add to the perhaps lengthy and complicated statement I made when I announced this policy, but here is the position. If federal property was distributed evenly throughout all the municipalities in Canada, obviously no taxes should be paid, since they are providing services, and the federal service would be distributed evenly throughout different municipalities. That is the basis upon which the exemption on taxation is contained in the British North America Act, and it is computed in every other way we have been able to find on a similar basis.

The justification for paying the tax to municipalities is that there is undue concentration of federal property and services in those municipalities. The basis of the proposed formula for the payment of general taxes is that, where there is an excess above what is established as a national average, then the taxes should be paid with respect to that excess, and that excess only.

It seems to me however that in the public comment respecting the outline of the proposed policy insufficient attention has been paid to the fact that in the case of crown corporations tax agreements will be made for the payment of fair sums in lieu of taxes, a procedure which has not been generally followed in the past. Secondly, all municipalities will receive payment for local improvement taxes, both current and arrears, if they have not been paid. That is something which has not been done in the past.

Thirdly, these transition payments will be made in any municipality where the federal government acquires property. It will pay the taxes for a period of three or five years, as the case may be, depending upon whether the municipality is one in receipt of the general grant or otherwise. Those are very substantial changes in the heretofore existing law.

I have only one further word to say, and that is that people should not jump to too hasty conclusions as to how this proposed formula will work out. It will require a very considerable amount of additional work and time to get at the fair value of the different federal government-owned properties in the different municipalities, and to determine which municipalities are entitled to specific grants, and the extent of those grants.

The vote now before the committee is a purely interim vote. The primary purpose is to carry up to the end of the year the grant which has been paid to the city of Ottawa for a great many years. The other item of $300,000 is to provide for the setting up of a special grant in the treasury, to which I referred in my statement, and for the future possibly another grant which it may be necessary to make between January 1 and March 31, the end of the fiscal year.

One point I omitted to mention in connection with the new policy is that payment will be made in all cases for specific services in connection with federal property—services such as water, and all that sort of thing.

Mr. Macdonnell (Greenwood): The minister has told us that we should not jump to hasty conclusions. I wish to associate myself with what was said by the hon. member for Eglinton and the hon. member for Winnipeg North Centre in regard to this very ingenious but unconvincing procedure the minister has suggested. I should like to point out also that this is a piece of class legislation, because what the minister is doing is to favour people who are above, as against those who are below the average.

Mr. Abbott: I think the last remark of the hon. member scarcely does credit to his very high intellectual attainments. Surely my hon. friend is not suggesting that every town in Canada which has a post office should be taxed on that post office. And I just refer to that as an example. Clearly a post office is providing a local service which the municipality needs and wants. Nearly every municipality has a post office, either rented or owned. That is an obvious case.

To say that we are benefiting those who are over the average and discriminating against those who are under is exactly the reverse of the principle which should be operative, and exactly the reverse of the actual fact.

Mr. Cruickshank: I have not taken up much time, and I should like to ask the minister a question as to how this act works out. In my riding there is a large army camp and a large airport, of which I am very proud. The preliminary talk was such that the municipalities thought they were getting

something out of it. My understanding now is that municipalities such as Chilliwack will get nothing out of it. I would ask, as the Minister of Labour says, "in a kindly way", for an explanation that I can give to the people in my riding because, as I see it, the municipality of Chilliwack in which there is a large army camp, and the municipality of Abbotsford, in which there is a great airport, get absolutely nothing. I should like to have an explanation why.

Mr. Abbott: Cases of military establishments will have to be considered on their merits. In respect of a purely self-contained military establishment, where it provides its own municipal services such as roads, fire protection and the like—and there are some of them in Canada—it is understood that of course they are not being paid the grant in lieu of taxes, because they do not receive municipal services from the particular area in which they are located. There are some of those. Then there are others, such as Esquimalt and, I believe Halifax, where the military property, whether it is navy, army or air force, is within the town limits and is in receipt of general municipal services. Under those circumstances those facts will be taken into account in determining the formula as to whether the grant would be payable or not.

It is impossible to give a general answer with respect to military and harbour installations without looking at all the circumstances of a particular municipality in which they are located. I am familiar, in a general way, with my hon. friend's constituency, and with at least one of the large military installations there.

Mr. Cruickshank: Probably it is because of our climate—and we are noted for our fertility in the Fraser valley—but I would ask the minister, in all seriousness, if there is any hospitalization at Chilliwack for maternity cases. It is all very well for hon. members to scoff at that question, but we have to pay these bills, and we are anxious about it.

I understand that at the present time the Department of National Health and Welfare are paying for some things in the army camp.

What about hospitalization? I am asking this because I have not the information. I shall be asked about it when I go home, and I think it best to ask the minister at this time. What is the answer, so far as the airport and the army camp in my constituency are concerned? Will consideration be given as circumstances arise?

[Mr. Cruickshank.]

Mr. Abbott: I shall have to look into the matter and let my hon. friend know later. Perhaps I can get the information from the Department of National Defence.

Mr. Cameron: I have the honour to represent a Toronto constituency, that of High Park, and I have seen some of the comments that have been made about the minister's statement. I agree thoroughly with the principle enunciated and that we cannot deviate from the principle that has been established from time immemorial that the crown is exempt from taxation. But when we admit that as of grace we are going to make certain payments I am forced with some hesitation to come to the conclusion that I cannot agree with the formula that has been adopted. Once having admitted that principle, I submit that the essential public services that are rendered should be paid for by the federal government.

I notice that water was the only service mentioned, but other services to be considered are police and fire protection, sewage and others. I submit that the proper and business-like approach would be for the federal government to make these payments on the basis of the services received.

I cannot agree with the inclusion of school taxes because I think that is a provincial responsibility. We have here a resolution which would indicate that we might be asked to do something in that respect in a general way, and I think we should. I associate myself with that principle and I hope that in due course the government will give consideration to it.

Item agreed to.

939. To confirm and to authorize the doing by His Majesty during the period from July 1 to December 31, 1949, of acts and things that were required to be done by him in accordance with the agreement between His Majesty and the corporation of the city of Ottawa (entered into under the authority of chapter 27 of the Statutes of 1945) which expired on June 30, 1949, as if the agreement were in effect to December 31, 1949 and for that purpose to authorize payment of the sum of two hundred and fifty thousand dollars as if it were the amount payable for that period under clause one of the agreement; the payment to be made on or before December 31, 1949, upon delivery to His Majesty by that corporation of a release of all claims in respect of services rendered by the corporation to His Majesty to and including December 31, 1949, if the Minister of Public Works is satisfied that the said corporation has done all acts and things that it would have been required to do had the said agreement been in effect to December 31, 1949, $250,000.

Mr. Fleming: May we have an explanation of this item. After looking at the Ottawa Agreement Act, which is chapter 27 of the statutes of 1945. I should think that the

proper thing to have done would be to amend the agreement. Section 1 of the agreement provides that the government will pay to the corporation the sum of $300,000 annually. I understand that for the six-months period from July 1 to December 31 of this year it is proposed to make this payment of $250,000 instead of prorating it on the basis of $150,000. This extra amount is being paid to compensate for certain services that have been rendered.

Mr. Abbott: On January 1, 1950, the city of Ottawa will come under the general formula and there will be no special statute relating to the city. As my friend has indicated, it was necessary to take care of the period from July 1 to December 31, and an item was included in the estimates which was prepared for the Department of Justice. It was decided to do this by means of an item in the estimates, since it is not proposed to continue the practice of having a special statute for the city of Ottawa. The city of Ottawa will be subject to the same general rule and will be covered by the general statute I intend to introduce next session.

Mr. Fleming: Have the officials of the department calculated how much the city of Ottawa will receive under the new policy? It has seemed to me that the amount received by the city of Ottawa up to the present has not been adequate compensation for the services that have been provided.

Mr. Abbott: I shall not discuss the adequacy of the previous grants. As I pointed out in my statement some time ago, the dominion government has in fact been paying for services which would normally be rendered by the municipality.

Mr. Fleming: Some.

Mr. Abbott: A great many, and I indicated what they were. As to the amount that will be paid to the city of Ottawa, an estimate has been made but I would not care to indicate what that will be until more accurate figures have been obtained. I feel it will certainly be not under the $500,000 per year, which this item for six months would indicate.

Mr. Cruickshank: Will other municipalities receive the same consideration as Ottawa?

Mr. Abbott: The basis upon which grants will be made to Ottawa will be the same as that on which grants will be made to other municipalities. They will be based upon the same formula.

Mr. Cruickshank: The formula is not quite clear to me because unfortunately I am not a Rhodes scholar. I am asking that Chilliwack be considered on the same basis as the city of Ottawa.

Mr. Abbott: I think my hon. friend can rest assured that the problem of the beautiful town of Chilliwack will be considered on exactly the same basis as the city of Ottawa.

Item agreed to.

DEPARTMENT OF VETERANS AFFAIRS

Demobilization and reconversion—

551. Post discharge rehabilitation benefits including out of work allowances, university and vocational training including the training of merchant seamen and salt water fishermen pensioners, awaiting returns allowances, temporarily incapacitated allowances and unemployment insurance contributions, $28,850,000.

Mr. Green: A number of questions were to be answered by the department when these estimates came up again for consideration; could we have those answers now?

Mr. Mutch: I have here answers to various questions which were asked when the estimates were previously before the committee. I should like to have the answers to these questions, which I am assured are complete, placed on the record in order to save the time of the committee.

The Chairman: Is it the pleasure of the committee?

Some hon. Members: Agreed.

Mr. Mutch: This is the statement which deals with the questions and answers thereto:

During the debates on the veterans affairs estimates—*Hansard*, page 640, column 2 and page 1049, column 1—the hon. member for Vancouver-Quadra asked for the number of cases between the period 30th June, 1947, and 30th June, 1949, wherein the commission had refused entitlement on the basis that the condition was pre-enlistment and not aggravated. The total number of such decisions for the two-year period in question is 6,740.

In the course of his remarks the hon. member stated: "and, mind you, they had been discharged as disabled but were ruled out on application for pension on the ground that they had pre-enlistment conditions."

I wish to make it very clear to hon. members that the group in question were not discharged as disabled. The great majority were discharged in the ordinary course of demobilization, and subsequently the Canadian pension commission considered a claim for a condition which may or may not have been recorded on the proceedings of the discharge medical board.

At this stage I find it necessary to say a word regarding the procedure leading up to

these decisions of pre-enlistment origin. On attestation a recruit was medically examined, that examination was a physical one and the examining medical officer asked a number of questions regarding the state of health and as to whether the recruit had ever suffered from certain conditions. This all forms part of the official record on attestation and actually, for example, thousands had defective vision to a greater or lesser degree, but not sufficient to cause rejection. The condition was pre-enlistment and obviously the commission, when considering a claim, would review the discharge board's records and, if there was no worsening during service, would rule "pre-enlistment, not aggravated." In other cases the member of the forces during his service reported sick and gave, on his own volition, a clear-cut statement of the pre-enlistment existence of the same condition for which he was suffering and being treated. It is the responsibility of the commission to determine whether the condition was, firstly, of pre-enlistment origin and, secondly, if there was any worsening during service; if not, they rule "pre-enlistment, not aggravated." Another group, and quite a considerable one, was found in those cases where, on examination during service, it was found they had constitutional or congenital conditions. These included adolescence and developmental anomalies, all of which were definitely of pre-enlistment origin, and the commission, on review, had to determined whether service played any part in aggravation.

Again it is only fair I should state that many pre-enlistment conditions were not disclosed as found on enlistment but very soon became apparent and led to discharge. To illustrate, I would repeat the figures on the record of the 1946 committee on veterans affairs: 3,830 served for 30 days or less, 17,388 served from 31 to 90 days, 28,982 served from 91 to 183 days (which is 6 months), 42,516 served from 184 to 364 days. A total of 92,716 men served less than one year because they were found to be unfit and unsuitable for service.

Then again I must point out that the decisions rendered by the commission were initial ones and gave the reasons. The act provides the veteran may renew his claim and may appear before an appeal board of the commission. Not only is this so, but my department has a branch called the veterans' bureau which, free of charge, assists applicants in the preparation and advancement of their claims to pension, and some of the national organizations of ex-servicemen render a similar service.

I make this statement and hope it will make the situation clear regarding this type of claim.

[Mr. Mutch.]

When on the subject, the hon. member for Saskatoon—*Hansard*, page 641, column 1—mentioned the case of a young man who was enlisted for service with the R.C.A.F. and suffers from a severe heart condition which the commission ruled to be of pre-enlistment origin and they have pensioned on an aggravation basis of two-fifths. On examination I find the facts of this case are:

The applicant had a relatively short period of service in the R.C.A.F., actually less than eight months in Canada. On enlistment he stated he had rheumatic fever in 1934 and later stated he had an earlier one in 1930. No cardiac abnormalities were discovered on enlistment but it was suggested he be watched. He was admitted to hospital less than 6 months after enlistment when the history and diagnosis of heart complications were made and led to his discharge.

It is my understanding that the time at which the heart disease resulting from the rheumatic fever first becomes manifest is a long drawn out process between the stage of original infection and the date of final incapacitation. A most eminent specialist says: "It is to the growing child we must go as rheumatic heart disease begins always in childhood." It certainly did in this case at the ages of eleven and fifteen.

We therefore have an airman who, very soon after enlistment, gave evidence of the serious effects of two childhood attacks of rheumatic fever. He had no complaints at the time of his discharge from service, no murmurs were detected and he worked as a C.P.R. brakeman until December, 1944, when he had a further recurrence of joint pains and definite murmurs were described. The commission has ruled pre-enlistment, aggravated to the extent of two-fifths of his entire disability. The latter is assessed at 100 per cent, and two-fifths of that is 40 per cent, being the award in payment. He also has the right to treatment with hospital allowances from my department at any time such is required.

Question by hon. member for Acadia—(*Hansard*, page 1051):

How many veterans, engaged in full-time farming under the Veterans' Land Act, have made their current payments? How many, if any, have paid up in full? How many are in arrears, and how many, if any, have signed quit claims?

Answer: Number who have made all payments due to 31st March, 1949, 18,293, or 94·7 per cent.

Number who are in arrears of payments due to 31st March, 1949, 1,025, or 5·3 per cent.

Number who have made prepayments, 4,710.

Amount of prepayments made, $1,253,732.03.

Number who have paid cost to director and taken title, 307.

Number who have paid contract debt and will get title in 10 years, 391.

Number who have signed quit claim deeds, 326.

The figures are for full-time farming only, but the standing is also as satisfactory for small holding establishments. Collection figures are given as at March 31 last, as current payments only became due on November 1.

Question by hon. member for Calgary East—(*Hansard,* page 1053):

How many soldier settlers did obtain their mineral rights?

Answer: 240 applications have been received from qualified soldier settlers where the mineral rights were acquired in the purchase of the land. Of these, 232 have been submitted to the governor in council for approval. On 26th October of this year, 147 have to date received a grant of the mines and minerals. The breakdown by provinces is as follows:

Province	Applications for mineral rights
Alberta	147
Saskatchewan	43
Manitoba	45
Ontario	4
Quebec	1

Province	Submitted to governor in council
Alberta	144
Saskatchewan	40
Manitoba	43
Ontario	4
Quebec	1

Province	Grants received by settlers to date
Alberta	106
Saskatchewan	19
Manitoba	20
Ontario	2
Quebec	—

Question by hon. member for Cariboo—(*Hansard,* pages 1053 and 1054):

I should like to ask the minister if the rights of soldier settlers at Moberly in the Peace river country in British Columbia are being protected with respect to the oil rights on the land which has been taken over from the Indian reserve.

Answer: The mines and minerals underlying 17,924 acres of the Fort St. John Indian reserve No. 172, township 85, ranges 18 and 19, W.6, were acquired with the land and, accordingly, are available for sale or lease by the director at the request of the veterans established or who may be established on the land.

Questions were asked by the hon. members for Royal, Vancouver East, and Melfort—(*Hansard,* page 1055), about the British family settlement schemes.

Answer: Total disbursements since inception on account of both schemes have been from—

Canadian government funds $9,992,909.31
United Kingdom funds 3,825,044.81

Generally speaking, the Canadian government paid for the land, while the United Kingdom paid for the stock and equipment.

Regarding the item of $25,000 in the estimates, in the early days of the schemes accounts were kept for each government and collections or other revenue emanating from land was credited to Canada, and that from stock and equipment to the United Kingdom. This proved so cumbersome that an agreement was reached between the two countries by which each collection was credited in the proportion of the total disbursements that each country had made for the two schemes combined.

A similar agreement was reached by which losses were to be shared in the same proportion. Therefore, when a property reverts and the proceeds from the subsequent resale are not sufficient to reimburse each country for the total expenditures it had made on account of that property, an adjustment in favour of either country has usually to be made.

As most of the earlier revenue collections were applicable to land, the effect of this sharing of loss agreement usually requires an adjustment in favour of the United Kingdom government.

In answer to the question as to how long these payments will continue, I may say that the department is now endeavouring to arrive at a figure that will be acceptable to the United Kingdom in full and final payment of their equity in the two British family settlement schemes. If such a settlement can be made, all collections and receipts from sales would go to consolidated revenue.

Question by hon. member for Acadia—(*Hansard,* page 1057):

Where a veteran is not able to complete an agreement by making a second or third payment, owing to crop failure, is it the policy of the department to extend the agreement for another year, or does the agreement automatically die and the amount of the indebtedness go back to the original amount?

Answer: If a veteran is unable to complete his agreement within the time limit, authority will be sought to enter into a new agreement to meet the circumstances.

Supply—Veterans Affairs

Question by hon. member for Acadia—(*Hansard,* page 1056):

Whether or not an agreement had been reached with Alberta to pay a grant where land is leased in special areas on a ten-year basis? Has anything developed since that time?

Answer: Veterans Land Act officials in Alberta recently concluded discussions with the minister of municipal affairs and the minister of lands in regard to the settlement of veterans under section 35 of the act in the special areas of Alberta. The province has agreed to grant a twenty year cultivation and grazing lease in lieu of the ten year lease which is normally granted in the special areas.

A supplementary agreement dealing specifically with the settlement of veterans in the special areas is in the course of preparation.

Question by hon. member for Calgary East—(*Hansard,* page 1056):

Can the minister tell us how many of our Indian veterans have taken advantage of the act? Can he give us a breakdown of the number who have used the act in order to get into full-time farming operations on the reserves, and the number who have used it really as a small holdings scheme?

Answer: As at August 31, 1949, a total of 1,014 loans were approved in favour of Indian veterans. The following is a breakdown by provinces of those cases where disbursements have been made. The difference of 81 is accounted for by grants approved but not disbursed:

	Full-time Farming	Small Holdings	Commercial Fishing	Total
Nfld.	..	..	..	..
P.E.I.	..	1	2	3
N.S.	1	22	..	23
N.B.	..	86	3	89
Quebec	3	29	..	32
Ontario	110	208	29	347
Manitoba	43	3	3	49
Sask.	211	2	..	213
Alberta	41	1	1	43
B.C.	70	19	45	134
	479	371	83	933

Question by hon. member for Acadia—(*Hansard,* page 2610):

Will veterans be entitled to the V.L.A. grant when they settle on crown lands in the special areas of Alberta?

Answer: Yes. A supplementary agreement dealing specifically with the settlement of veterans in the special areas is now being studied by those ministers of the government of Alberta whose departments are concerned with this matter.

[Mr. Mutch.]

Question by hon. member for Hastings-Peterborough—(*Hansard,* page 2617):

Will the minister tell us how many departments there are in Ontario and just how an application goes through? Will he explain what causes the long delay?

Answer: The province of Ontario, for administrative purposes, is divided into two districts, eastern Ontario and western Ontario, with the district offices for each being in Toronto and London respectively. Under the Toronto district office, there are five regional offices and two subregional offices. In eastern Ontario, there are four regional offices. This does not cover the Port Arthur-Fort William area which is under the jurisdiction of Winnipeg district office and which area is administered by one regional office.

An application goes through in the following manner: the veteran makes application to a regional office for certification that he is qualified to receive the benefits of the Veterans Land Act. After checking on the veteran's eligibility as to sufficient war service and receiving replies from the references given by the veteran at the time of his application, the veteran appears before a regional advisory committee for qualification. Subsequent to being qualified for assistance under the Veterans Land Act, the veteran submits an application for assistance with respect to the particular property on which he desires establishment. Upon receipt of this application, an appraisal is made of the property by the department. If the appraisal indicates the property is suitable, action is taken towards its purchase. As soon as the director has obtained title to the property, it is then resold to the veteran by agreement for sale.

During consideration in committee, I undertook to indicate the average time taken for an application to go through after acceptance. Accurate statistics on this point are not maintained by the department but a check made during the month of September last of a mill run of 100 cases showed the following to be the situation:—from the date an application was approved until title was registered in the director, the average number of days which elapsed in western Ontario was 65, in eastern Ontario 100, in Quebec 99, and in the maritime provinces 37. In the prairie provinces and B.C., the average number of days was only 27·6. Members of the legal profession in the house will appreciate that this wide spread probably may be largely attributed to the different land registration systems which obtain in the provinces. There are, of course, other factors involved. Often there are defects in the vendor's title which cannot be remedied without some formal

application to a registrar of titles or to a probate court or the employment of a surveyor to determine the boundaries of the land to be conveyed. There is sometimes loss of time in searching for heirs or others who may have some interest in the land and who must sign the documents of release.

Question by hon. member for Hastings-Peterborough, *Hansard*, page 2618:

If a veteran releases his interest in a property to the director by way of quit claim deed and a loss of $300 is incurred in the resale of the property, would that loss in any way affect the amount of rehabilitation grant? Would that $300 be deducted from his rehabilitation grant or would he get his full rehabilitation grant as if he had never made application under V.L.A.?

Answer: Ordinarily if there is a loss incurred in establishing a veteran under the V.L.A., it does reduce the veteran's re-establishment credit.

Where a loss exceeds $50, the matter is examined by a district rehabilitation review board who may, after consideration of the circumstances involved, recommend that all or part of the loss be written off.

After consideration of the case at the district level, it may be further reviewed by a head office departmental committee who report to the minister.

Item agreed to.

552. Hospital accommodation and facilities, and to authorize commitments against future years in the amount of $7,387,835—$5,309,662.

Mr. Green: This is the hospitalization item. Earlier in the session the suggestion was made that hospitalization might be provided for the men of the merchant navy without the amendment of any statute because of the wide terms of the act which set up the Department of Veterans Affairs. That act gives the department power to help those who were associated in the war. It is not restricted in the same way as the Pension Act. Can the parliamentary assistant tell us whether consideration has been given to providing hospitalization for these unfortunate men? I would point out to him that, to all intents and purposes, it was practically impossible for a man in the merchant navy to qualify for a pension on the ground of disease. Even to qualify on the ground of injury he had to trace the injury to enemy action.

It is practically impossible for a man to qualify because of diseases such as malaria, tuberculosis, and so on. I know personally of quite a few sad cases where young lads have developed tuberculosis, obviously because of their service at sea with the Canadian merchant marine. Yet they cannot get any pension and they cannot get hospitalization. They are in civilian hospitals now under provincial social assistance. I think they get either $3 or $5 a month. It is a most unfair situation, and I should like to know whether the department is giving consideration to extending hospitalization benefits to the men of the merchant navy.

Mr. Mutch: So far as the Department of Veterans Affairs is concerned, I am informed that it is possible for merchant seamen to be admitted to D.V.A. hospitals upon the request of the Department of Transport whose wards they are generally considered to be.

Mr. Green: Will the Department of Transport not make the request that these men be provided with hospitalization? I am glad to hear that D.V.A. is prepared to give them hospitalization if requested to do so by the Department of Transport. Yesterday we had an announcement from the Prime Minister to the effect that the provisions for giving vocational training to merchant navy veterans were to be extended. Can we not get some assurance from the government that the Department of Transport will now take steps to request the Department of Veterans Affairs to give hospitalization to these men?

Mr. Mutch: I am sure the hon. member would not expect me to commit the Department of Transport. I can only speak of that which I know, and on a proper request our hospitals will give hospitalization under these conditions.

Mr. Gillis: That assurance is nothing new. That has been the hitch right along. That is why over the years we have tried in the house and in the veterans affairs committee to have the same privileges extended to the merchant marine as were provided for the armed services. Unfortunately under the regulations of the Department of Transport they are in the position that the merchant navy is a civilian organization. The Department of Transport will not request hospitalization for merchant service personnel unless injury arose out of, or was directly connected with enemy action. In other words, if you were hit by a torpedo and had a very obvious hole in you, then you could get hospitalization or pension. Otherwise you cannot. Unless the government is prepared to change the regulations that now bind the departments of transport and veterans affairs, no benefits will accrue to the merchant service, from the statement the parliamentary assistant has just made.

Mr. Green: Is the willingness of the Department of Veterans Affairs to provide hospitalization for the men of the merchant navy a new development, or has the Department of Veterans Affairs taken that position throughout?

Mr. Mutch: At the moment they are on exactly the same basis as any other department. In our hospitals we treat persons who are sent to us on the responsibility of another department. Previously, of course, those who had a pensionable disability were admitted as of right. Under the regulations of our department there is the same general willingness to treat anyone who is sent to us by another responsible department.

Mr. Green: Then the hon. member for Cape Breton South is correct when he says this does not mean anything, because the Department of Veterans Affairs has taken the same position throughout. We apparently are not getting any further ahead so far as providing hospitalization for these men is concerned.

Mr. Mutch: So far as I know, the Department of Veterans Affairs has not taken any position at all beyond the fact that it does not lie in our mouth to direct what another department shall do. If they arrive at our hospitals these facilities are there. We can scarcely go beyond that. An example of co-operation between our department and the Department of Transport was the announcement made by the Prime Minister yesterday. These questions are not dead. In our department nothing is ever finished. As the minister said when it was referred to earlier this session, it is a matter of consideration. There is no conclusion to it.

Item agreed to.

929. War veterans allowance board—administration—further amount required, $11,000.

Mr. Green: This item has to do with war veterans allowance. As the committee knows, the present position is that the maximum war veterans allowance which can be paid to a single man is $40.41 a month, and the maximum for a married man is $70.83 a month. In addition to that there was a vote in the sum of $500,000 which provided for further assistance. It was called a special assistance fund. On November 8 I had the answers to some questions concerning this fund, as follows:

1. How many veterans were in receipt of war veterans allowance as of October 31, 1949?
Answer: 25,918.

2. How many of such recipients have made application for assistance from the special assistance fund?
Answer: 3,174.

3. How many have been granted such assistance?
Answer: 2,444.

In other words fewer than one in ten of the veterans receiving the war veterans allowance have been given any assistance whatever from this special assistance fund.

Mr. Mutch: Nothing like one in ten have asked for it.

Mr. Green: The reason more have not asked for it is the restrictions. That fund can be used only in the case of a recipient of war veterans allowance who is drawing the full amount. If he is getting a partial allowance then under the regulations he has no right to ask for help from this special fund. Another reason that more veterans have not asked for it is that to get any help they have to go through a second means test, which they bitterly resent. As the committee knows, they have to pass a means test to qualify in the first place; then before they can qualify for further assistance they have to pass another means test. I have here the instructions sent out by the department to their officers for completing applications for this special assistance, and I am going to read paragraph 13:

Consultation with social service division may be indicated in completing this paragraph. Entitlement of all members of the family group should be explored, particularly those of dependents. For example, the wife may be seventy years or over and thus entitled to old age pension, which generally carries with it the right to medical and hospital care, and it might be in the veteran's interest to go on single rate and his wife on old age pension. Again, there may be an unmet health need for which a resource is available in the community.

That paragraph illustrates the tragedy about this whole special assistance fund; namely, that the veteran probably will be better off if he can get on the old age pension, or if he can get his wife on it. Surely that is not the way Canada wants to treat her veterans. I am sure the Canadian people would disagree violently with a policy of that kind. These recipients of the war veterans allowance were front line men. If they had not seen action they could not qualify, except for a small percentage with disability pensions who did not get to the front line areas. Practically all these veterans were Canada's fighting men of the first great war; and eventually, mind you, the men of the second world war will qualify in the same way. That is the actual position. In some cases today these men are better off not to take the war veterans allowance and they go on the old age pension. I have here an editorial from the Vancouver *Sun* of November 12 of this year entitled "Burnt out and burnt up." This was written the day after Armistice day. The newspaper office is

within a short distance of the Vancouver war memorial, and these older veterans had been attending the parade, as they usually do. The editorial points out:

> They are today in a worse position than old age pensioners. Both are supported from public funds. Why in the name of all that is reasonable should those who made special sacrifices for their country be subsequently penalized? Surely the least that could be done is set the WVA rate at a figure equal to the OAP, even if the former may qualify before age seventy.

It goes on to point out:

> Needy veterans now get $40 a month war veterans allowance; their wives $30—a total of $70.

Actually the total for man and wife is $70.83.

> The veteran, if sick, can get treatment in a DVA hospital with $15 deducted from the pension for each month, but wives and dependents are compelled, from their meagre income, to pay into B.C.'s provincial hospital insurance fund.
>
> A man and wife together on OAP get $100 monthly in British Columbia and are entitled to provincial hospitalization while exempt from premiums. But a veteran's wife and children, under this ridiculous system, are penalized and can be haled into court and fined for non-payment of hospital premiums out of their pittance.

Then it further says:

> Some wives of older veterans are voluntarily abandoning their $30 WVA allowance to claim an old age pension. Obviously, however, only a few of them are old enough to do so.

I realize that this special assistance fund was brought in as a temporary measure, but I suggest to the government that the time has now come when the situation can only be met by increasing the war veterans allowance by statute. Just a few weeks ago the Canadian Legion made representations to the government. They also made representations to members of the house on December 5, in which they asked that the war veterans allowance be increased from $40 to $50 monthly for a single veteran and from $70 to $85 monthly for a married veteran. I do hope action of that kind will be taken at the next session. I am sure every veteran member of the House of Commons, regardless of party, would support that suggestion.

Then I should like to say a word about the group of men called the imperial veterans. Year in and year out we have been urging that they be made eligible for the war veterans allowance, but as yet they have not been granted that entitlement. The Legion deals with their position also and points out that since Newfoundland has come into confederation the imperials in that province have been made eligible for Canadian war veterans allowance, and quite properly so. We ask that this right be extended at the next session to the imperials living in the other provinces of Canada. Personally I would hope that all the men who served in the forces of the King and who have been here for a period of years would be made eligible. I believe we should also include those who served in the forces of France and Belgium, who were our allies in the first war. The Legion points out that a survey was made this year by the Department of Veterans Affairs to ascertain the number of imperials who would benefit and that there are only 2,311 known cases who would become eligible. In their brief they suggest that it could very well be assumed that the total would not be in excess of 3,000. So I hope that at the next session these men will be made eligible.

There is also the question of the treatment of the merchant navy veterans. I need not repeat tonight what I have said about them before, but their situation is very unfair.

It all adds up to this. We do not believe we will get any of these improvements unless a special committee is set up next session. Even then we may not get all the improvements, but certainly past experience has shown that there is unlikely to be any veterans legislation amounting to much unless there is a special committee of the house on veterans affairs. We have not had one this session. We have in the house a very large number of returned men of both the recent war and the first war. I would ask the parliamentary assistant if he can give us an assurance tonight that next session a special committee on veterans affairs will be set up.

Mr. Mutch: As to the special committee, to deal with the last point first, on different occasions this session the minister indicated that the question was under advisement. I do not understand the last speaker when he says we will not get veterans legislation until we have a committee. The history of this government, and of this parliament prior to this government, has been the exact opposite with one exception, on every occasion legislation has been introduced into the house which has been sent to a committee for consideration. The only exception of which I am aware was in 1946. Because of the magnitude of the task, special powers were given to the committee, and it was invited to make suggestions.

If the hon. member means the setting up of a committee which would meet and advise this department or the government in matters concerning veterans affairs, I for one do not expect it. Certainly, I should not support it. On the other hand, if he means that, when changes are being made in veterans legislation, the government will continue the practice it has been following since 1936, namely, referring the bill to a

select committee of the House of Commons, I should hope that practice would be continued.

Mr. Green: No, I asked for a special committee at the next session to consider the problems of the veterans; I did not make it subject to the government introducing legislation. I have asked for a special committee to consider veterans affairs.

Mr. Mutch: I can only speak for myself, of course, but such a committee would be contrary to parliamentary procedure and I would not expect it. I cannot speak for my minister.

Mr. Green: What does the parliamentary assistant mean by saying it would be "contrary to parliamentary procedure"?

Mr. Mutch: No such committees are ever set up.

Mr. Green: Certainly, they are. We had a committee on atomic energy during this session.

Mr. Mutch: I cannot go further than to say this. If I understood my hon. friend correctly, then the minister has given the only answer that can be given, that the matter would be considered before the next session. So far as this session was concerned, he was not prepared to do it. I was simply asking my friend to define what he meant by "committee" and he has done that.

Mr. Gillis: I believe I can speak for the other two members of our group in connection with this matter that was raised by the member for Vancouver-Quadra. In order to save time, I merely say that I agree with him. Our opinions have already been put on the record during this session. I do not want to get into an argument at this time, but I do not agree with the parliamentary assistant that these committees are contrary to parliamentary procedure.

Mr. Mutch: Subject to that definition; I was not making a statement, I was asking a question.

Mr. Gillis: We have had three committees of this house who have done a good job with regard to veterans legislation. The parliamentary assistant knows quite well that the bills that went to these committees from this house did not come back looking like the bills that went in. The amounts were jacked up and deadlines were shifted. I think it is in the interests of this house and the veterans that such a committee be set up.

I am rising at this time for the purpose of bringing another matter to the attention of the parliamentary assistant. It is so late in the session that we can do nothing about it now, but the government can think about it during the recess. It has to do with veterans grants. There is one bad spot in the administration—I do not mean the personnel. Many veterans in this country did not draw their credits. They are leaving them on deposit against the time when they might want to establish a home. When a veteran passes away, and I have two particular cases brought to my attention which I took up with the departments of National Defence and Veterans Affairs, that money cannot be used to pay funeral expenses. These boys met a tragic death. In one case, the father had to transport the body practically across the country and there was a lot of expense attached to it. When he checked with the department as to whether the credits standing in the boy's name could be used for the purpose of assisting with the burial expenses, the answer was no.

I suggest the department should consider cases such as those, in which there are extenuating circumstances. The credits should accrue to the estate. I quite understand such a regulation early in the war, but under the circumstances I have described, in which the boy had credits standing in his name when he died, those credits should be paid to the estate. I would ask the parliamentary assistant to think about that and take it up with his officials.

Mr. Mutch: I note what the hon. gentleman has said, and in passing I might say that I think those credits can be paid to a wife or dependent mother of the deceased. Perhaps if we could let this item stand, Mr. Chairman, until we complete the other items, I could come back to it and possibly make a statement in connection with it which might clarify matters for all members.

Item stands.

932. Hospital accommodation and facilities—further amount required, $250,356.

Mr. Green: This is not directly concerned with this item, but perhaps the parliamentary assistant would tell us whether anything can be done for the Canadian nurses who went to South Africa, under an agreement with the South African government, and apparently were not paid the amount of money they had been promised. I believe representations have been made to the government about these cases. The matter was brought to the minister's attention when the estimates were last under consideration. Can the parliamentary assistant tell us whether that situation has been investigated, and whether anything can be done?

Mr. Mutch: As my hon. friend well knows, these nurses were enlisted and sent to South Africa where they served in a civilian capacity. According to the South African government, they were not considered as members of the armed forces.

On their return a special act was passed by parliament which gave to them most of the rehabilitation grants and benefits, not all of them. I know something of their present difficulty, and it is a dispute with respect to whether or not they have received those moneys they expected they would get at the time they made their contract with the South African government. So far as we are concerned, we have no knowledge of that. We gave them the benefits parliament has conferred, and it is clearly outside the scope of our concern.

Mr. Green: Could representations not be made by the Canadian government to the South African government?

Mr. Mutch: I could not answer for the government. Such representations would have to be made through the Department of National Defence, through whose offices those girls were recruited.

Item agreed to.

929. War veterans' allowance board—administration—further amount required, $11,000.

Mr. Mutch: I should like to read a short statement relative to the subject matter of item 929, and the discussion that took place on that item. I am reading it on behalf of the minister, who is unavoidably absent. I should like to make a statement in regard to this matter, upon which the government has now reached a decision. It is the intention of the government at the next session to seek amendments to the War Veterans Allowance Act, with the following purpose in view, that former members of any of His Majesty's forces other than Canadian forces or of any of the forces of His Majesty's allies participating with Canada in wars ending on or before November 11, 1918, who have been domiciled in Canada for twenty years, may be made eligible for the benefits of the War Veterans Allowance Act, provided they otherwise qualify under those provisions and regulations.

Mr. Green: That would be extremely helpful. I hope that it will be made retroactive, certainly to the time of this announcement. I think that would be only fair to these men, because the amendments to the act may not go through for a good many months yet. Surely, with this announcement, the parliamentary assistant can give us the assurance that a special committee will be set up at the next session of the house.

Mr. Mutch: The parliamentary assistant, just having given hon. members more than he had formerly anticipated he would be able to do, is not going to commit himself to anything. Having no responsibility, he is not prepared to do that.

Mr. Knowles: Will the parliamentary assistant answer one question about this if he can? Will this legislation include widows of imperial veterans and the other veterans referred to in the statement he made?

Mr. Mutch: The answer to that question is yes.

Mr. Knowles: Thank you.

Item agreed to.

LEGISLATION

164. General administration—estimates of the Clerk, $800,730.

Mr. Knowles: I suppose it would be appropriate on this first occasion, when his estimates are before us, to congratulate His Honour the Speaker on this phase of his work. It is, I would imagine, a rather onerous responsibility to have charge of the administration of this part of this building and of the large staff, but we know he will do a good job. My questions are in effect questions that I have asked before. I shall merely put them to His Honour hoping that he can either answer them favourably now or indicate to me that consideration will be given to these points in the near future.

First of all, as most hon. members are aware, the stenographers who work for us have felt for some time that an increase in pay was coming to them. They have made representations, and representations have been made on their behalf during this very session. I am sure we should all like to know whether favourable consideration is being given to these representations. I believe it is quite some time now since their last increase, and I am sure that the facts of the case warrant their request.

My second question would have to do with a long-range question that I have asked a number of times; it is whether consideration will be given to providing some sort of pension arrangements for stenographers and other employees of the House of Commons who are not included in pension plans. It seems to me that in this day and age it is unfair that some people should work the number of years that they do and not have the chance to participate in any pension plan at all. I realize one of the problems involved in all this is that we want, and I think rightly so, to keep the employees of the House of Commons as our employees rather

than government employees. That means that there are certain points that must be watched.

My third question—and I think I have only one more after that—has to do with the interim period between the time this session prorogues and the time the next session begins. Usually there is a fair length of time between sessions and there seems to be nothing to do but let the sessional employees find such other work as they can, even though some of us may not think that is altogether fair; as a matter of fact, I think they should be put on an annual basis. In this instance the period between the end of this session and the beginning of the next is just long enough to get rather cold and hungry through not having any income, but it is not long enough to get other employment. I am wondering whether there is any possibility of some of the house employees getting temporary employment at least when the dominion-provincial conference is in session here in Ottawa; in fact I understand it is to meet here in this very building.

Then my last question relates to the experience that House of Commons sessional employees have had in the past a number of times of finding their employment cut off rather abruptly. I remember one year when the house prorogued about one o'clock at night, and some of the stenographers and others who had gone home at six o'clock that afternoon did not know that the session was over. When they arrived at the building the next morning they found that their names were not on the list and that they were through for that session. When members stay here a few days after the session ends in order to clean up their work, it is usually arranged that their stenographers, if necessary, are kept on.

I wondered if we could have a bit of a change in that policy and if some universal and more acceptable plan could be adopted so that these employees are not cut off too abruptly. I make that plea particularly at this time because it is not a very good Christmas present to have your pay suddenly cut off about two weeks before Christmas. Those are four questions which I should be glad to have answered by His Honour.

Mr. Speaker: With regard to the remarks made by the hon. member for Winnipeg North Centre as to the administrative duties that fall to the lot of the Speaker, I should like to say that the administration of the building is directly under the Clerk of the House and the Sergeant-at-Arms. I might say that it has been a pleasure for me to work with these two officials this year; and I think all hon. members will agree that they have given good service to the house.

The Clerk of the House has informed me that a petition has been handed to him, signed by a great many members, requesting that the question of an increase in pay should receive the careful consideration of the officials of the house. I might say that the Clerk has already had a conference with me, and we felt that the amount involved, if an increase were given, would be such that it probably should not be decided upon by myself and the officials. I might say that if an increase were granted to the stenographers, it would probably also apply to the amanuenses in the house and to other employees holding positions similar to the stenographers. All I can say at this time is that I can assure hon. members that the matter is receiving our careful attention.

A number of members have pointed out to me that some stenographers have been here much longer than others and that the matter of seniority should be considered. Other members of the house have pointed out and have written to me referring to the fact that some stenographers are much more efficient than others, and have suggested that there might be a test as to efficiency, in order that such efficiency might be assessed.

I mention these points so that hon. members will know that the matter is receiving our careful consideration. Another question has to do with pensions. This matter is also receiving the attention of officials of the house. There are some complications. I understand it would have to be considered by the Department of Finance, and in any event is a matter which would have to be taken up with the commission on internal economy.

There is a difficulty which has been pointed out that the stenographers and other part-time employees are only part-time employees, and are not working the year round. If a pension plan were put into effect, under the provisions of the Civil Service Act a lot of employees who have been here a number of years would have to pay in a considerable sum of money in order to get any great advantage from the plan. However, if it were put into effect, employees who are coming on at this time would eventually benefit from it. I mention this to assure hon. members again that the matter is receiving our consideration.

The question of employment during the intervening period between sessions has also received consideration, particularly by the Clerk of the House. It is possible a number of stenographers may be required at the time

of the dominion-provincial conference. The Clerk has already made inquiries regarding this, and if stenographers are required at that time he will do all in his power to see that those stenographers who are around Ottawa and have been employed in the house will be given an opportunity to obtain employment during that conference.

The fourth question raised by the hon. member for Winnipeg North Centre was with respect to the termination of employment of stenographers and, I might say, other sessional employees of the house when the house prorogues today. As he has pointed out on behalf of the sessional employees, their services have been abruptly terminated. The Clerk, myself and the Sergeant-at-Arms have considered this matter, and we have decided that in view of the fact that it is the Christmas season and that the interval between sessions will probably be brief, all sessional employees will be given seven days' pay as a bonus. Those in the restaurant being monthly employees will be paid to the end of the month. I think I have answered all the questions asked by the hon. member.

Mr. Richard (Ottawa East): Mr. Chairman, I do not wish to prolong this discussion. I think all hon. members agree that the stenographic staff are entitled to a raise at this time, and I am satisfied that Your Honour will look into this matter immediately and that at the next session there will be an improvement in that regard.

I had hoped that a greater number of the staff could be kept between sessions. My experience has been that we are rather understaffed in the interval between sessions, both in the stenographic pool and in the regular staff of clerks, constables and others.

Here again, of course, our judgment may not be as good as that of Your Honour, the Sergeant-at-Arms and the Clerk of the House who, after all, are doing a wonderful job. I only suggest that this matter be looked into so that a greater number of the sessional employees may be retained between sessions.

I have only one further remark to make. I would bring to the attention of the house the fact that these gentlemen who are on the staff, in this chamber, in the past few weeks, have been working longer hours than usual. They are entitled to our thanks and, if possible, they should be entitled to some remuneration. I am thinking of the page boys, those who head the page boys, and the other staff in this chamber. We have to be here and we are paid to be here. But they were never intended to be here for as long as they have been for the remuneration they are receiving at the present time.

Let me conclude my remarks by saying that I am sure all hon. members extend to them best wishes for a merry Christmas and a happy New Year.

Item agreed to.

DEPARTMENT OF MINES AND RESOURCES

Indian affairs branch—

231. Grants to residential schools, $2,470,017.

Mr. Knowles: Mr. Chairman, at some point I should like to ask the parliamentary assistant if he would answer the question left over from last night as to who pays the 25 per cent erstwhile provincial share of old age pensions in the Yukon and Northwest Territories?

Mr. Maybank: If convenient, I should like to make a statement on that at the close of the estimates, if that would be satisfactory?

Mr. Knowles: Yes.

Mr. Low: Mr. Chairman, my colleague, the hon. member for Lethbridge wanted me, when this branch was before the committee, to say a word for him. In what I shall say I shall be brief. He had to leave for Edmonton last night to attend to other business, or he would have been here to speak for himself. He wanted me to say to the committee that he was prepared, had he been able to stay, to press for three things on behalf of the Indians.

He feels strongly that the old age pension as an unchallengeable right should be granted to all Indians in Canada. Secondly, he wished me to say that the grant should establish a claims commission before whom the various tribes of Indians might bring in any claims they might have arising out of the nonfulfilment of treaty undertakings by the government. He states there are a good many such claims based upon such things as perpetual fishing and hunting rights, which have now passed out of any possibility of fulfilment within the areas allotted to these Indians. He states the government should be meticulous in its fulfilment of contractual obligations to the Indians, or that in the alternative full compensation should be made to them for any losses they might sustain.

A further request of the hon. member is that a joint committee of the House of Commons and the Senate be set up to consider Indian affairs, such committee to sit continuously until Indian problems have been dealt with satisfactorily.

I believe that in what I have said I have discharged my duty on behalf of the hon. member.

Mr. Maybank: I can only say that I thank the hon. member for his suggestions. They are matters which will be considered in the interval between this session and the next.

Immigration branch—

234. Administration of the Immigration Act, $646,775.

Mr. Green: There are two questions I should like to ask the parliamentary assistant. One, which I began to ask last night, has to do with repatriates who were brought back on the *Gripsholm*. I do not know how many trips that ship made with Canadian repatriates from the Far East, but quite a number were brought back during the war. I understand the policy of the department has been to charge these people for their passage and I should like to speak in connection with one case.

I received a letter a week ago from a Canadian woman who was a nurse in Hong Kong during the attack on that city. Her husband, also a Canadian, served with the Hong Kong volunteers. Both were taken prisoner when the Japanese captured the city. The wife was transferred to Stanley camp and was brought back on the *Gripsholm* in November, 1943. The husband was sent to Osaka, Japan, and was not released until the end of the war. They lost everything they had and both came back in poor health due to malnutrition and beriberi.

The husband has recently been in Shaughnessy military hospital in Vancouver and has just resumed his occupation with the merchant marine. A claim has been made against these people for $883 for the wife's passage on the *Gripsholm*. These people have explained to the immigration branch that they have put in a claim to the Hong Kong government and they offered to pay the Canadian government whatever they received. The Hong Kong authorities say that they cannot pay anything and the imperial government has taken the same position. The wife points out in her letter:

> We cannot understand why this loss, our active service and our long harrowing experiences in the prison camps should not be considered sufficient service rendered to Canada and the empire, and why we are not allowed to settle down and rebuild our lives without this threat of prosecution from our own country. My husband and I are both native born Canadians and he is considered to be a Canadian veteran by the Department of National Defence and as such has been adjudged entitled to veterans benefits and treatments.

They received a letter dated December 1, 1949, from the Department of Justice, Ottawa, reading as follows:

> Dear Sir:
>
> I do not appear to have received a reply from you to my letter of October 26 concerning the claim of the Department of Mines and Resources. This is, therefore, to advise you that unless your remittance in full of this claim is received within two weeks of the date of this letter, I will have no alternative but to recommend that legal action be instituted.
>
> Yours truly,
>
> W.D.J.,
>
> Assistant Deputy Minister

[Mr. Maybank.]

Surely that policy is not right. Thes people who were in the hands of th Japanese suffered during the war as did n other Canadians. It was only the bad case that were allowed to come back on th *Gripsholm*. They lost practically everythin and yet the department is trying to colle for the cost of their passage. I sugge that those costs should be absorbed by th country and I think the Canadian peopl would wish to have it done that way. Th particular case is a very deserving one an I hope the claim will be dropped. Can th parliamentary assistant tell us just what the policy with regard to these claims?

Mr. Maybank: I cannot answer if the hon member means whether or not the clai will be dropped. That is something tha has to do with policy. The Canadian goverr ment provided subsistence for Canadians i enemy territory and also the cost of the repatriation to Canada when this could b effected. In accordance with the usua practice, these Canadians signed under takings to repay cost of subsistence an repatriation.

In the Far East the United States wa the protecting power until that countr entered the war. After December, 194 Switzerland became the protecting power.

Between August, 1942, and December, 194 the S.S. *Gripsholm* brought from the Far Ea two parties of Canadian repatriates, totallin 288 souls. The total cost of maintenance an repatriation of these Canadians was $227,51

I shall ask the minister to give specia attention to the particular case mentione by the hon. gentleman and I think that about as far as any person could go, sittin as we are in committee in the dying hou of the session.

Mr. Green: I shall be glad to give th parliamentary assistant the letter I hav referred to. I do hope that these people wi not be hounded any further.

Another question I have to ask has to d with the admission of Japanese to Canad Here are certain questions I asked and th answers I received in a return table yesterday:

1. Have any persons of the Japanese race comin within one of the following categories, (a) thos who were in Japan throughout the war; (b) thos who were sent to Japan on exchange during th war; (c) those who went to Japan after the wa under the repatriation scheme of the Canadia government, been given permission to return t Canada?

Answer: (a) yes; (b) no; (c) yes.

2. How many in each category have been give such permission?

Answer: (a) 165; (b) see 1 (b) above; (c) 36

The custom before the war was for Japanese to send their children to Japan. According to a report made by the R.C.M.P. shortly after Japan struck there were about 1,500 children in Japan whose parents were still living in Canada. Many of the male children served in the Japanese forces although they had been born in Canada. Now we are told that 165 of these people have been given permission to return to Canada. I do not know how many are men or how many are women or how many actually served in the Japanese forces. A determined drive is being made at the present time by the Japanese Canadian Association to bring back to Canada all Japanese now in Japan who were born in this country. I have an editorial from the *New Canadian*, which is the publication of that association, in which they say:

> There is an estimated 3,000 Canadian born Nisei at present in Japan. Just exactly how many of them are actually seeking to return is not known but the number is quite substantial.

Therefore the 165 may be only the forerunner of a very much larger movement. I suggest to the government that it will have to decide on a policy on this question. I think it is going very far to allow the re-entry into Canada of men who have served in the forces against us. Yet that would appear to be the present position. So far as the thirty-six who were repatriated, who went back after the war with the Canadian government paying the expenses, I do not know whether or not they are the children of parents who signed for repatriation. The government is faced with a plan to get as many as possible back. I suggest that there will have to be some policy adopted.

Mr. Maybank: With reference to the thirty-six, it may be said that they are people whose parents were sent back under circumstances which the committee, and particularly the hon. member, will recall. For example, would include a boy of eighteen. He did not wish to go back at the time but he had to go back. He was not yet a person in the eyes of the law, being still in his minority.

Mr. Green: I believe the age limit for those requesting repatriation was sixteen.

Mr. Maybank: Whatever the age was. At the first opportunity he sought to come back, being a Canadian-born person. That is the type of individual making up the thirty-six. As to the other question, I can assure the hon. member it will be carefully considered, and particularly the remarks he has made tonight.

Mr. Green: As yet no definite policy has been adopted by the government?

Mr. Maybank: It is a definite enough policy that those who are Canadian-born, and against whom there is no charge of disloyalty, would have the right to come back.

Mr. Green: Even though they served in the Japanese forces?

Mr. Maybank: They have all been carefully screened in that respect, and I would say it is certainly not within the knowledge of the department that any of them are in that class. The hon. member has indicated that some served in the war. It may be so, but that would be something tending to bar their admission. We have no definite knowledge of any such thing.

Mr. Green: The editorial attempts to justify the bringing back of those men who served in the forces on the ground that they were conscripted, and therefore had to serve. I hope the government will not adopt the policy of allowing the re-entry into Canada of men who fought against us in the war.

Item agreed to.

Mr. Knowles: Have we finished with the Department of Mines and Resources?

The Chairman: 826 was the last item.

Mr. Knowles: Will the parliamentary assistant give the answer that he promised to give?

Mr. Maybank: The hon. member for Winnipeg North Centre inquired on Friday evening, the 9th of December, 1949, about the financial arrangements for the payment of old age pensions in the Yukon territory. Old age pensions in the Yukon territory are administered under the provisions of the old age pensions ordinance of the Yukon territory, enacted by the Yukon territorial council, and assented to on the 8th of April, 1949. There is an agreement dated the 31st day of July, 1949, between the government of Canada, represented by the Minister of National Health and Welfare, and the government of the Yukon territory, represented by the commissioner of the Yukon territory, which provides for the payment of pensions by the territory under and subject to the provisions of the Old Age Pensions Act, being chapter 156 of the Revised Statutes of Canada, 1927, as amended. The provisions of the agreement dated the 31st July, 1949, became effective on the first of July, 1949. This replaces an earlier agreement dated the 9th of April, 1949, which became effective the first of April, 1949.

Under the terms of the agreement the territory, in the manner prescribed by the dominion act and regulations thereunder, will deal with an application for pension made by any person who is resident in the Yukon

territory and, if satisfied that such person is properly and lawfully entitled to receive pension under the conditions specified in the dominion act and regulations, pay a maximum pension of $480 yearly, such maximum pension to be reduced under certain conditions specified in the agreement. This agreement between the government of Canada and the government of the Yukon territory was approved by order in council P.C. 3922, dated the 10th August, 1949. The old age pensions ordinance of the Yukon territory is administered by a board known as the old age pensions board. The board consists of three members, who are the territorial treasurer and two members appointed by the commissioner in council. Under the agreement the dominion government provides 75 per cent of the pension and the territorial government the balance.

Mr. Knowles: Does the parliamentary assistant know the source of the funds from which the territorial government pays that balance?

Mr. Maybank: They raise their own money from various sources, trapping licences, and that sort of thing.

DEPARTMENT OF JUSTICE

121. Departmental administration, $256,281.

Mr. Drew: Mr. Chairman, in the atmosphere of Christmas that is beginning to descend on the house I regret that it is necessary to return once again to a subject that is unfortunately out of harmony with the season we are approaching, and undoubtedly out of harmony with the general sentiments expressed here by most members on this occasion in regard to what they hope may be the atmosphere of the season ahead. Nevertheless, I do not think it is possible to allow the remarks the Prime Minister made yesterday to pass without comment. I would have dealt with them immediately if these items had not been interrupted just after the Prime Minister had spoken.

Dealing with the explanations which had been made by the Minister of Justice, the Prime Minister made certain statements that seem to leave an extraordinary impression as to the attitude of the government toward its responsibilities under the Combines Investigation Act, and, in fact, under other acts passed by this parliament. Referring to what had taken place and the remarks which had been made earlier, the Prime Minister said, as reported at page 2988 of *Hansard*:

> The failure to make a report public is not a continuing offence as the leader of the opposition suggests. You cannot continue the offence.

[Mr. Maybank.]

Then after further remarks he said this:

> . . . it was not done, as the leader of the opposition suggested, by deliberate omission or by a plan for holding back the report. The question of publication did not arise at all before the fifteen days had expired.

Just before he made those remarks the Prime Minister had said:

> . . . what has been done was done inadvertently by pressure of time.

First of all may I point out that what was done was not done inadvertently by pressure of time. In the detailed explanation given by the Minister of Justice as to what had occurred he explained that the commissioner under the combines act had referred the report to him, with a memorandum indicating the date by which it should be made public. The act is clear. No discretion of the minister was involved. It was the duty of the minister not only to see that the report was made public, but certainly to do nothing that would prevent its being made public.

It is certain, of course, that what has been done cannot be undone and cannot be changed. It never can. Our task as members of this house is to consider what should be done as a result of what has happened and what cannot be changed. It was not inadvertence. The question of publication was not one for discretion. The minister was informed, and this was not made public until more than ten months after it had been completed. It was not made public because the minister had decided it was not going to be made public, for reasons that had nothing to do with pressure of time or inadvertence.

The suggestion of the Prime Minister is that once a law has been broken it cannot be broken any more; and if by inadvertence the time has passed within which something should be done, then that is all that can happen. If this principle were applied to the income tax requirements, then if for any reason someone failed to file an income tax return he might just as well go ahead and not only continue to fail to file it but not make the payments required under the act.

What is involved here is not just the question of failure to make public. A number of other results would have flowed from making the report public as soon as that could be done, whether or not it was within the fifteen days. If the report had been made public at any time within three months of the date required by statute, the previous parliament still would have been sitting and the house could have dealt appropriately with the information that was made available. Second, if the report had been made public within five months of the date required by statute the public would have had an opportuni-

of knowing the facts in this particular case before passing judgment at the polls. Third, if the report had been made public within ten months, then others might have launched prosecutions if they thought that was the proper course, based upon the evidence contained in the report.

This is no mere case of a technical breach of the statutory requirements, as was suggested by the Minister of Justice in his extraordinary statement yesterday. This was not a mere breach of the requirement to table a report, such as there was in the case of the report of the maritime commission. There was a breach of the statutory requirement in that case; but, important though it was that the members of this house should have known what the maritime commission said, within fifteen days of the opening of the session, which was required by statute, there can be no suggestion that in that instance the circumstances were similar. This was not just a case of a technicality, or of inadvertence.

The action of the government in this case did these things: First, it denied to the public information the public was entitled to have last January. Second, it denied to parliament information that the members of parliament should have had while sitting here as representatives of the people. Third, it denied to the voters information they had a right to have before being called upon, under the processes of democracy, to pass judgment upon what had taken place. Fourth, it denied the possibility of prosecution of the milling companies by any provincial attorney general or by any individual.

Those were the consequences which flowed from this act. It was not just a case of some delay in the information being made available. These were the direct results not of inadvertence but of the deliberate act of the government itself. It is important to go back to the time when the act in its present form was introduced. Because he was the man responsible for bringing in the act at that time, I should like to quote briefly from the words of the prime minister of Canada of that day, Mr. Mackenzie King, as they appear at page 2605 of *Hansard* for May 8, 1923:

> What is the power of the Criminal Code to prosecute some particular person or group of persons in comparison with the power of spreading broadcast throughout the land accurate and true information with regard to a situation which is inimical to the public interest, and which the people themselves are certain to be concerned in remedying? Take it as respects legislation. How is parliament to know what is the best course to take in the matter of legislation unless it gets true and accurate information?

Parliament was not permitted to know, at a time when parliament could have acted in relation to the subject matter of this report. By the deliberate and calculated act of the government, the time lapsed within which any prosecution could be launched by anyone.

At a later date, dealing with the question of publication of reports, Mr. Ilsley has this to say, as reported at page 3473 of *Hansard* of 1935.

> An intolerable condition exists when we permit the making of expensive and important inquiries into alleged combines and have the reports kept secret.

I think that sums up the situation. An intolerable situation exists when any report of an inquiry of this kind is held back and not made available to the members of parliament, who have a duty and a right to act with knowledge of what that report contains. I do not think a more flagrant violation of this or any other act passed by parliament could possibly be conceived. It still seems that the Minister of Justice, the members of the government, and many of the members of this house fail to recognize that this is no technicality. This is no mere procedural problem, nor is it just a case of inadvertence. They fail to recognize that a fundamental issue is involved here; that what has happened cannot be changed.

If that fundamental principle is to be respected, then something must be done. If we were asked what is the real guarantee of our liberty, I think that the most of us who have studied our constitutional history would answer: the equality of every Canadian under the law. If we were asked how that equality under the law can be assured, we would surely answer that the rule of law must be respected by every Canadian, from the Prime Minister down to the humblest citizen; that is the simple but unescapable issue before us. A law of this parliament has been broken, and deliberately broken, by the Minister of Justice. While it is true that the government has concurred in and must share the responsibility, as Minister of Justice he is charged with the enforcement of law. He stands in a special position in relation to the enforcement of this or any other law.

The Minister of Justice has broken this law, and that fact cannot be changed. For that reason, respect for the laws of this parliament and the enforcement of those laws can be restored only when the present Minister of Justice ceases to occupy that position.

Mr. Noseworthy: I wish to agree in principle with all that has been said by the leader of the official opposition. I have been interested in this subject, because for a great many years it was my duty and my privilege

to hold up before young Canadians in this country the high standard of the British parliamentary system, British law and justice. It is because this incident which we are discussing now seems to me to undermine the whole structure of the British parliamentary system that I feel concerned about it.

I regret very much that the Minister of Justice has, by a series of circumstances over which he may or may not have had any control, become involved in this situation. It is not my wish that any hon. member of the Liberal party, or any other party, should find himself in such a position.

The leader of the official opposition has just pointed out that it is not simply a failure to comply with the regulations. What I cannot forgive the Minister of Justice for—or for that matter the Minister of Trade and Commerce, or the Prime Minister, because both have accepted responsibility for the course of action followed—is not their failure, because of the pressure of time, to make this report public, but the fact that those gentlemen sat through a whole session of parliament, which lasted for three months, knowing that they were withholding information. They failed to take parliament into their confidence. Following that, they went before the country in a general election, and withheld from the public, until they were safely back in office, the information which the public should have had. A series of by-elections were held, also, before the information was revealed. That is not fair, either to parliament or to the people of Canada.

In my humble opinion there is only one course that the Minister of Justice can take if he has any regard for the maintenance of our laws, if he has any respect for the responsibility of a cabinet or cabinet ministers to parliament, and that is for him to tender his resignation to the governor general. So far as that goes, I can see very little difference between the conduct of the Minister of Justice and that of the Minister of Trade and Commerce or the Prime Minister. Both have openly—

Mr. Cruickshank: Oh, oh.

Mr. Noseworthy: I may say to the Liberal backbenchers that this is no laughing matter. Even the Prime Minister and the Minister of Justice laugh, as though this were an everyday occurrence. I am giving my opinion as one who has some regard for the rights of parliament and respect for the laws of our country. I say this, Mr. Chairman, that if any other member of this House of Commons had followed the same course and deliberately flouted legislation passed by this parliament, the Minister of Justice could follow no other course. if he were to fulfil his duties, than to have that member unseated. I submit that is the only course that the Minister of Justice can follow.

Mr. Cruickshank: Mr. Chairman, a reference has been made to the backbenchers on this side of the house. I do not consider myself a backbencher, but I want to assure my junior friend, who has lately become a member of this house, that I have every confidence in the Prime Minister of Canada, the Minister of Justice, and the Minister of Trade and Commerce. I believe they are great Canadians, doing their best on behalf of all Canadian citizens.

Mr. Knowles: I just want to say a few words. As a matter of fact, I shall do it in words better than I myself might use, by giving just a few quotations from volume I of Macaulay's "History of England". I quote this from page 25:

> The principle that the King of England was bound to conduct the administration according to law, and that, if he did anything against law, his advisers and agents were answerable, was established at a very early period, as the severe judgments pronounced and executed on many royal favourites sufficiently prove.

Then on page 26:

> We have been taught by long experience that we cannot without danger suffer any breach of the constitution to pass unnoticed. It is therefore now universally held that a government which unnecessarily exceeds its powers ought to be visited with severe parliamentary censure, and that a government which, under the pressure of a great exigency, and with pure intentions, has exceeded its powers, ought without delay to apply to parliament for an act of indemnity.

We feel that this government exceeded its powers when it made the decision not to carry out the provisions of subsection 5 of section 27 of the Combines Investigation Act, and we feel that we have done precisely what is set out in that passage. We have endeavoured to visit on this government, in the only way that is open to us—and that is by speaking sternly and strongly on the floor of the house—severe parliamentary censure. We tried to do it in other ways but were prevented from doing so, hence we are doing it in this way.

I go on and draw a parallel to the last of the sentences I just read. Macaulay says that if a government, under the pressure of a great exigency and with pure intentions, has exceeded its powers, it ought without delay to apply to parliament for an act of indemnity. In this case there has been no evidence to prove that there was a great exigency; there has been no evidence that satisfies us that there were pure intentions; and I submit that Macaulay was right, that if there had been established a great exigency and pure intentions it was the British parliamentary practice, and it was the

anadian thing, for the ministers concerned o apply to parliament, in spirit at least, for n act of indemnity. I submit that not only as the law of parliament broken, and broken eliberately, but that parliament has been ffronted and flouted by the attitude which regret the ministers concerned have taken n connection with this matter. Macaulay oes on, at page 27, to say:

Our forefathers might indeed safely tolerate a ing in a few excesses; for they had in reserve a neck which soon brought the fiercest and proudest ing to reason, the check of physical force.

Then Macaulay goes on to point out how it s the genius of our parliamentary set-up that ve have got away from the use of force to ne rule of law; but he says, in developing ne necessity for maintaining the rule of law, nd I quote now from page 28:

As we cannot, without the risk of evils from hich the imagination recoils, employ physical orce as a check on misgovernment, it is evidently ur wisdom to keep all the constitutional checks n misgovernment in the highest state of efficiency, watch with jealousy the first beginnings of ncroachment, and never to suffer irregularities, ven when harmless in themselves, to pass unchal-nged, lest they acquire the force of precedents.

I share the view expressed by the leader f the opposition that it is unpleasant, in the ying moments of a session, a couple of weeks efore Christmas, to raise this issue. As a natter of fact, it was reopened yesterday norning by the Minister of Justice. Even at nat, and though I had this book on my desk, was for a few moments thinking that I would not speak on it again tonight until he protests that were made on this side f the house were greeted with laughter from he other side. This is every bit as serious s the stern words I have quoted from ord Macaulay's "History of England". I ertainly hope that this sort of thing will ot happen again, and I trust that the Cana-ian people will not soon forget the way n which the law was broken, and the way n which those who have broken the law ave not only refused to apply to parliament or an act of indemnity, have not only efused to throw themselves on the mercy of he house, but still insist that they had the ight to do the unlawful thing they did.

Item agreed to.

132. To provide for the revision, classification and onsolidation of the public general statutes of anada, $75,000.

Mr. Macdonnell (Greenwood): May we have word as to just what the expectation is as o when the revision will be completed, or vhat progress is being made?

Mr. Garson: About a year and a half to wo years.

Item agreed to.

138. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and livestock; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries, $6,107,490.

Mr. Macdonnell (Greenwood): I notice there is a decrease in this item. While I would be the last one in the world to object to a decrease, I should like to have from the minister a word on the operation of the penitentiaries and whether he feels that everything is being done that can be done to implement what I think is the more humane and enlightened administration that is being given by the new commissioner.

Mr. Garson: I might say to my hon. friend that the explanation for the reduction in the amount of the estimate is that we follow the practice of including in our current estimates items for what my hon. friend might regard as capital construction, and also for machinery. The reduction in those items accounts for the net reduction in the amount of the estimate. There is no actual reduction in the amount of money currently expended on the prisoners' welfare.

Mr. Gillis: Under the present penitentiary regulations, prisoners suffering from a communicable disease or one that requires active treatment are paroled out to an institution. On the other hand, there have come to my attention recently cases in which prisoners who were sentenced were suffering from a communicable disease, and in which the penitentiary authorities refused to admit them. Recently there were brought to my attention two cases, from Halifax, of veterans who got into difficulties, who were sentenced to two years' imprisonment and who required active treatment for t.b., but the penitentiary would not take them in. There was quite a bit of difficulty in having the matter resolved. I think the minister's department should consider amendment of the regulations to provide for the establishment of some central institution in Canada to which prisoners of that type may be sent. While this crime may not have been very serious, it was bad enough. What happens when a man is sentenced for murder, manslaughter or some other serious crime of that nature? In Canada if he is sentenced to a penitentiary, there is no place which will accept him. I know there must be a lot of cases across the country because in the last eight months I have run across three of them. Has this been brought to the minister's attention, and is the department considering any remedial action?

Mr. Garson: This matter has arisen in a minor way from time to time, but there has been no concerted effort upon the part of

the provinces, who are the interested parties —because the expense of this treatment falls upon them—to request that we should do this. In point of fact, in view of the total convict population of our penitentiaries, the treatment of tuberculosis by us would be a much more expensive way of providing such treatment for those who are suffering from it than to let them take their treatment in provincial institutions.

As my hon. friend, I am sure, realizes, there has to be a certain volume of cases before they can be handled at a reasonable unit cost. Even taking the whole of our cases in the penitentiaries, it is not sufficient to enable us to make a provision whereby we could keep our unit cost at a reasonable level. For that reason we have not, up to the present time at any rate, considered that it was necessary that we should provide facilities such as my hon. friend has mentioned.

Mr. Macdonnell (Greenwood): What is being done for the John Howard societies? Are they being assisted in what the minister considers an adequate fashion?

Mr. Garson: I think perhaps the best way to answer the question is to give the exact amounts paid to the John Howard societies. They are as follows:

John Howard Society of British Columbia ..	$2,000
John Howard Society of Alberta	1,000
John Howard Society of Saskatchewan	500
Canadian Welfare Association, Winnipeg ...	2,000
John Howard Society of Ontario	5,000
La Societe d'Orientation et de Rehabilitation Sociale	3,000
La Societe de Readaptation Sociale, Quebec	500
John Howard Society of Quebec	1,500
Canadian Penal Association	2,000
John Howard Society of Vancouver Island	500
Salvation Army	2,000

Item agreed to.

Resolutions reported, read the second time and concurred in.

WAYS AND MEANS

Hon. Douglas Abbott (Minister of Finance) moved that the house go into committee of ways and means.

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

Mr. Abbott moved:

That towards making good the supply granted to His Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1950, the sums of $440,983,724.09, $7,485,744.34 and $56,546,333.34, respectively, be granted out of the consolidated revenue fund of Canada.

Motion agreed to.

Resolution reported, read the second time and concurred in.

Mr. Abbott thereupon moved for leave to introduce Bill No. 224, for granting to His Majesty certain sums of money for the public service of the financial year ending March 31, 1950.

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

BRITISH NORTH AMERICA ACT

AMENDMENTS TO THE CONSTITUTION—CONSULTATION WITH PROVINCIAL GOVERNMENTS —TABLING OF FURTHER CORRESPONDENCE

Right Hon. L. S. St. Laurent (Prime Minister): May I ask unanimous consent of the house to table the answer received from the premier of Ontario to the letter I tabled a couple of days ago in connection with the dominion-provincial conference? At the same time I inquired whether there was any other correspondence with the premiers that had not yet been tabled, and I find that there was the letter to which my letter to Premier Douglas was the answer, and two letters from Premier Duplessis which I should also like to table. The letters thus tabled so far will constitute all the correspondence that has been had with the premiers in that regard up to the present time.

Perhaps to follow what has been done on previous occasions hon. members would wish to have these letters printed as an appendix to *Hansard* of today.

Mr. Speaker: Is it the pleasure of the house that the letters shall appear as an appendix to *Hansard*?

Some hon. Members: Agreed.

(For text of further correspondence, see appendix, page 3169.)

BUSINESS OF THE HOUSE

Mr. Knowles: May I ask the Prime Minister whether it is intended to do anything about the Senate amendments to the bill introduced by the hon. member for Mount Royal (Mr. Macnaughton) to amend the Canadian Red Cross Society Act? When we passed the motion to sit tonight I think it was agreed that there would be unanimous consent to deal with this bill this evening.

Mr. St. Laurent: I am told that the Senate amendments have not been printed, and hon. members have not had an opportunity of seeing them.

Mr. Knowles: Hon. members could find out quite easily what the amendments are, because all the Senate did was to strike out the first two sections. There is nothing left

but the third section. I must be careful in what I say, but I want to protest against what was done over there.

Mr. Drew: Perhaps under the circumstances it might be well to let the bill stand for further consideration.

Mr. St. Laurent: I am informed that the reason for the amendments made by the Senate was that there was no one available to answer questions they put with respect to the extent of the immovable property now producing revenue for the society. I am told that the intention was to delete that clause, because they could not get the information required and there was no urgency about the other provisions of the bill.

Mr. Coldwell: That very effectively kills the bill for this session, and it will have to be re-introduced at the next session. It is most unfortunate.

Mr. Knowles: The other action taken by the Senate was to cut out the section that provided for such changes as were necessary to bring Newfoundland into the Canadian Red Cross. It seems to me that the action taken over there was rather high-handed.

Mr. Drew: I think it is obvious that the desires of the Red Cross would not be satisfied if we adopted the bill in its amended form.

Mr. St. Laurent: That is my understanding. It would probably better suit their convenience to have whatever amendments they wish made to their act included in the one bill, and not have the bill introduced by the member for Mount Royal, in its emasculated form, adopted at this time.

PROROGATION OF PARLIAMENT

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

Ottawa, December 10, 1949.

Sir:

I have the honour to inform you that the Right Honourable Thibaudeau Rinfret, Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber at nine o'clock p.m. for the purpose of proroguing the present session of parliament.

I have the honour to be,

sir,

Your obedient servant,

J. F. Delaute,

Assistant Secretary to the Governor General.

SITTING SUSPENDED

Mr. Coldwell: If there is no more business to be done, and if we must wait until nine o'clock for the deputy of His Excellency the Governor General, should not we recess?

Mr. St. Laurent: I think we should be here a few minutes before nine o'clock, because we may receive a message from the other place informing us that the supply bill we have just sent over has been passed. I think we should receive the message before the Gentleman Usher of the Black Rod summons us to the other place.

Mr. Speaker: With unanimous consent, the sitting of this house is suspended until 8.45 p.m.

At 8.20 p.m. the sitting was suspended until 8.45 p.m. this day.

SITTING RESUMED

THE ROYAL ASSENT

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

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

Accordingly, Mr. Speaker with the house went up to the Senate chamber. In the Senate chamber the Deputy Governor General was pleased to give, in His Majesty's name, the royal assent to the following bills:

An act for the relief of John Henniker Torrance.
An act for the relief of Edith Harriet Black Hambly.
An act for the relief of Margaret Reid O'Connell.
An act for the relief of Alton Charles Bray.
An act for the relief of Kathleen Gertrude Macartney Dorken.
An act for the relief of Louise de Forest MacAlpine.
An act for the relief of Jessie Fraser Blaiklock Stewart.
An act for the relief of Alice Lafond Burnham.
An act for the relief of Muriel Annie Elizabeth Hicks Kurtzman.
An act for the relief of Robert Walsham Herring.
An act for the relief of Leta Helen Butler Waller.
An act for the relief of Violet Blodwyn Young Murdoch.
An act for the relief of Joseph Tannenbaum.
An act for the relief of Isabel Christine MacLean Robinson.
An act for the relief of Marie Annette Vallieres Handfield.
An act for the relief of Nicholas Kouri.
An act for the relief of Viateur Fortier.
An act for the relief of Lois Elizabeth Rolph.
An act for the relief of Madeleine Dunn Landry.
An act for the relief of Arthur Joseph D'Avignon.
An act for the relief of Jessie Gwendolyn Paul Giroux.
An act for the relief of Celia Maria Gabrielle de Costa Baxter.
An act for the relief of Dorothy Amelia Beattie Harrison.
On act for the relief of Rosaline Laham Anber.
An act for the relief of Anna Starzynski Sztafirny.
An act for the relief of Marjorie Claire Dickison LeMieux.
An act for the relief of Dorothy Ruth Brown Bailey.

The Royal Assent

An act for the relief of Lorne Bradbury Ashton.
An act for the relief of Harry James Seaban.
An act for the relief of Julia Seram Odenick.
An act for the relief of Myrtle Elizabeth Howat Brammall.
An act for the relief of Francis Gilmer Tempest Dawson.
An act for the relief of Imelda Poirier Tremblay.
An act for the relief of Joseph Charles Paul Emile Chales.
An act for the relief of Robert Mason Watson.
An act for the relief of Catherine Alexandra Mackenzie Mitchell.
An act for the relief of Irene Filion Primeau.
An act for the relief of Mary Jean Strachan Taylor.
An act for the relief of Edna Kate Folley Dickenson.
An act for the relief of Gerald Geoffrey Racine.
An act for the relief of Yvonne Marshall Balfry Corbin.
An act for the relief of Colleen Ethel Thornhill Clark.
An act for the relief of Leith Albert Anderson Baldwin.
An act for the relief of Marie Jeanne Martin.
An act for the relief of Irene Emily Katerelos Stones.
An act for the relief of Margaret Helen Milne Ward.
An act for the relief of Lizzie Brogden Hibberd.
An act for the relief of Eric Jeffery Burn.
An act for the relief of Agnes McIntosh McKillop McBride.
An act for the relief of Elizabeth Audrey Beauclerk Quinlan.
An act for the relief of Thelma Blanche Collins Geick.
An act for the relief of Thora Beckingham Lock.
An act for the relief of Hugh William Lloyd.
An act for the relief of Linda Emilia Wilen Robitaille.
An act for the relief of Brina Paskin Warshaw.
An act for the relief of Thomas Hanusiak.
An act for the relief of Loretta Waugh O'Dell.
An act for the relief of Marie Rita Plante Boyer.
An act for the relief of Dorothy Waxman Sherman.
An act for the relief of Laura Cohen Kaminsky.
An act for the relief of Annie Marion Lesnichuk Krushelniski, otherwise known as Annie Marion Lesnichuk Krush.
An act for the relief of Marjorie May Smart Birmingham.
An act for the relief of Anna Sandberg Goldbloom, otherwise known as Anna Sandberg Gold.
An act for the relief of Olive Frances Harper Morrison.
An act for the relief of Delphis Brousseau.
An act for the relief of Gladys McCarrick Bonnemer.
An act for the relief of Bernice Beverly Corry Cohen.
An act for the relief of Bessie Zinman.
An act for the relief of Marion Lillian Gargan Thomson.
An act for the relief of Mary Piekos Rynski.
An act for the relief of Victor Chryssolor.
An act for the relief of Blanche Ruth Serokey Smith.
An act for the relief of Raymonde Belanger Skaife.
An act for the relief of Elizabeth Maud Gwendolen Tobi Hearns.
An act for the relief of Ruby Muriel Keith Gray.
An act for the relief of Laurel Jeanne MacGregor Thomson.
An act for the relief of Edith Sara Hamilton Warlund.
An act for the relief of Donald Duncalf Birchenough.

[Mr. Speaker.]

An act for the relief of Joan Gertrude Fox Corbett.
An act for the relief of Richard William Henry Wark.
An act for the relief of Eileen Dorothy Richards Turner.
An act for the relief of Janey Beryl MacPhail Shuttleworth.
An act for the relief of Edith Cohen.
An act for the relief of Ida Lindy Angel Katzman.
An act for the relief of Marian Latora Glendening Joncas.
An act for the relief of Eva Nerenberg Anger.
An act for the relief of Josephine Teweson Paul Bero.
An act for the relief of Phyllis Elizabeth Ross Erskine.
An act for the relief of Jeannette Mathilda Seymour Oswald.
An act for the relief of George Bennett Gagnon.
An act for the relief of Bertha Rudolph Holzberg.
An act for the relief of Lillian Elizabeth Moore Bowen.
An act for the relief of Laurence Bouchard Pappini.
An act for the relief of Nana Rosenberg Taube.
An act for the relief of Cecile de Mers Asheim.
An act for the relief of Elsie Margaret Harding Lewin.
An act for the relief of Raymond Webster Elliott.
An act for the relief of Hazel Wilma Drysdale Warnecke.
An act for the relief of Ruby Rabinovitch Friedgut, otherwise known as Ruby Rabinovitch Freygood.
An act for the relief of Mildred Carmen Mitchell James.
An act for the relief of Bessie Birenbaum Abrams.
An act for the relief of Grace Elsie Mills Johnson.
An act for the relief of Robert Ewen Stewart.
An act for the relief of Mary Cecilia Helliwell Glassco.
An act for the relief of Betty Malca Stillman Shugar.
An act for the relief of Tessie Charow Hersh.
An act for the relief of Cicely Manley Sampson.
An act for the relief of Paul Paquette.
An act for the relief of Joseph Simon Adelard Barrette.
An act for the relief of Edith Daisy Steer Catto.
An act for the relief of Gwen Pollock Harris.
An act for the relief of Sonia Eagle Davies.
An act for the relief of Evelyne Louis Steinwold.
An act for the relief of John Gilbert Speak.
An act for the relief of Chesna Laing Shapiro.
An act for the relief of Edith Turcotte.
An act for the relief of Irene Brodwin Miller.
An act for the relief of Jean Ruth Montgomery Loiselle.
An act for the relief of Joseph Charles Michel Emery.
An act for the relief of Lyla Almina Wharry Johnston.
An act for the relief of Marjorie Helen Glass Nixon.
An act for the relief of Olga Hetmanchuk Dorval.
An act for the relief of Grace Melina Cotton Crawford.
An act for the relief of Thomas Gillespie Shields.
An act for the relief of Czerna Berger Borodow.
An act for the relief of Freda Tippett Hart.
An act for the relief of Rebecca Rosa Jacobs Bershadsky.
An act for the relief of Etta Valerie Sherwin Sperber.
An act for the relief of Sandy Douglas Carbone.
An act for the relief of Hellen Isabel Dawson Parlee.
An act for the relief of Violet Emma Woodhall Brownridge.
An act for the relief of James Samuel Hatton.

An act for the relief of Anne Denburg Hershcovich.
An act for the relief of Ruth Baranoff Clark.
An act for the relief of Viateur Longpre.
An act for the relief of Evalina May Carter O'Connell.
An act for the relief of Borys Zaryn.
An act for the relief of Alice Dorothy Rolison Cransky.
An act for the relief of Shirley Patricia Susan Oakes Rowlands.
An act for the relief of Margaret Adeline Bodley Cabana.
An act for the relief of Mary Letinetsky Nemeroff.
An act for the relief of Nora Helen Jarrett McCaffrey.
An act for the relief of Elizabeth Karaszi Bergeron.
An act for the relief of John Albert Roberts.
An act for the relief of Leslie Ernest Tulett.
An act for the relief of Ernest Tonegawa.
An act for the relief of Rene Walsh.
An act for the relief of Sara Tepper Prupas.
An act for the relief of Joseph Wilfred Melanson.
An act for the relief of Muriel Johnson Binnie Keates.
An act for the relief of William Campbell James Meredith.
An act for the relief of Lillian Steinberg Heitner.
An act for the relief of Clayton George Allison.
An act for the relief of Louis Kasper.
An act for the relief of Arthur Colpron.
An act for the relief of Berengere Pare Fuller.
An act for the relief of Enid Dorothy MacRae Gauley.
An act for the relief of Guy Merrill Desaulniers.
An act for the relief of Margaret May Lester Rajotte.
An act for the relief of Odette Therese Gabard Coupal.
An act for the relief of Ella Maxine Shover Logan.
An act for the relief of Bernard Rivet.
An act for the relief of Phyllis Elizabeth Campbell Westover.
An act for the relief of Mildred Blanche Tilson Bell.
An act for the relief of Ruby Anderson Edwards.
An act for the relief of Vera Marguerite Abraham Allen Richey.
An act respecting The British and Foreign Bible Society in Canada and Newfoundland.
An act to amend the Supreme Court Act.
An act to amend the Animal Contagious Diseases Act.
An act to amend The Export and Import Permits Act.
An act respecting the Application of a National Trade Mark to Commodities and respecting the True Description of Commodities.
An act to amend the Pension Fund Societies Act.
An act respecting the Incorporation of Pure-bred Live Stock Record Associations.
An act to amend the Combines Investigation Act.
An act to authorize the granting of a subsidy to the government of the province of British Columbia in aid of the construction of an extension to the Pacific Great Eastern Railway.
An act to encourage and assist in the construction of a Trans-Canada Highway.
An act to amend the Royal Canadian Mounted Police Act.
An act to amend The National Housing Act, 1944.
An act to amend The Surplus Crown Assets Act.
An act to amend The Prairie Farm Assistance Act, 1939.
An act to amend The Judges Act, 1946.
An act to establish the Canadian Overseas Telecommunication Corporation.
An act to amend the Customs Act.

The Royal Assent

An act to amend The Government Employees Compensation Act, 1947.
An act respecting the Acquisition of the Temiscouata Railway.
An act respecting the Department of Resources and Development.
An act respecting the Department of Citizenship and Immigration.
An act to amend the Salaries Act.
An act to amend the Excise Tax Act.
An act to amend The Veterans Land Act, 1942.
An act to amend The Emergency Gold Mining Assistance Act.
An act respecting the Inspection of Fish and Marine Plants.
An act respecting Bankruptcy.
An act to amend the Criminal Code.
An act to authorize the provision of moneys to meet certain capital expenditures made and capital indebtedness incurred by the Canadian National Railways System during the calendar year 1949, and to authorize the guarantee by His Majesty of certain securities to be issued by the Canadian National Railway Company.
An act to amend The Industrial Development Bank Act.
An act respecting the Department of Mines and Technical Surveys.
An act to amend The Dominion-Provincial Tax Rental Agreements Act, 1947.
An act to encourage the Construction and Conversion of Vessels in Canada.
An act to assist Producers of Coal in the Atlantic Maritime Provinces.
An act to amend the Customs Tariff.
An act respecting Forest Conservation.
An act to amend The Income Tax Act and the Income War Tax Act.

To these bills the royal assent was pronounced by the Clerk of the Senate in the following words:

In His Majesty's name, the Deputy Governor General doth assent to these bills.

Then the Speaker of the House of Commons addressed the Deputy Governor General as follows:

May it please Your Honour:

The Commons of Canada have voted supplies required to enable the government to defray certain expenses of the public service.

In the name of the Commons I present to Your Honour the following bill:

An act for granting to His Majesty certain sums of money for the public service of the financial year ending the 31st March, 1950.

To which bill I humbly request Your Honour's assent.

To this bill the Clerk of the Senate, by command of the Deputy Governor General, did thereupon say:

In His Majesty's name, the Right Honourable the Deputy of His Excellency the Governor General thanks his loyal subjects, accepts their benevolence, and assents to this bill.

PROROGATION OF PARLIAMENT

After which the Deputy Governor General was pleased to close the first session of the

twenty-first parliament of the Dominion of Canada with the following speech:

Honourable Members of the Senate:

Members of the House of Commons:

Since the opening the present session of parliament you have approved measures required for the discharge of the constitutional responsibilities of our nationhood. As a result the Supreme Court of Canada will shortly become the final court of appeal for Canada.

In response to your address the parliament of the United Kingdom has amended the British North America Act to vest in the parliament of Canada the power to make amendments to the constitution of Canada in matters which are exclusively of federal concern.

Early in the new year a conference with representatives of the provincial governments will be held for the purpose of working out a satisfactory procedure for making within Canada such other amendments to the constitution as may from time to time be required.

Our country continues to take an active part in the proceedings of the United Nations. Despite that organization's present inability to solve the major political problem confronting mankind, the United Nations has succeeded in coping with menacing situations in many parts of the world. At the current session of the general assembly, Canada was elected to the economic and social council.

It is gratifying that the agencies under the North Atlantic treaty have been established and are undertaking the tasks which have been assigned to them.

My ministers are giving constant attention to the defence needs of Canada. The consideration of the measure to consolidate existing legislation respecting our defence forces has not been completed. This measure will be re-introduced at your next session.

The real foundation of the ability of the nations of the north Atlantic community to defend themselves lies in their continued economic strength and stability. Canada is co-operating with other nations, particularly the United Kingdom and the United States, in seeking solutions to the difficult economic problems which still confront the democratic world.

The revaluation of currencies in western Europe and the sterling area made it necessary to alter the exchange rate of the Canadian dollar.

You have approved important amendments to the National Housing Act designed to maintain the present high volume of housing construction.

Legislation has also been enacted to enable the federal government to enter into agreements with the provinces for sharing the cost of construction of a trans-Canada highway.

Provision has been made for three new departments to replace the Department of Reconstruction and Supply and the Department of Mines and Resources. These will be the Department of Mines and Technical Surveys, the Department of Resources and Development, and the Department of Citizenship and Immigration which will also be responsible for the administration of Indian affairs.

A special parliamentary committee examined into the operations of the atomic energy control board.

During the session measures have been enacted respecting forest conservation; the application of a national trade mark and the true description of commodities; the establishment of the Canadian Overseas Telecommunication Corporation; assistance in the production of coal in the Atlantic maritime region; encouragement of the construction of ships in Canada; the disposal of surplus crown assets. Amendments have been made to the Prairie Farm Assistance Act of 1939; the Emergency Gold Mining Assistance Act; the Industrial Development Bank Act; the Criminal Code; the Royal Canadian Mounted Police Act; the Judges Act of 1946; the Animal Contagious Diseases Act; the Export and Import Permits Act; and the Veterans Land Act of 1942. The fish inspection legislation has been revised. The Combines Investigation Act has been strengthened and a complete revision has been made of the Bankruptcy Act.

The government has announced a new policy respecting grants to municipalities in which there is an exceptional concentration of federal property.

Members of the House of Commons:

I thank you for the provision you have made for all essential services for the current fiscal year. The budget resolutions, providing for substantial reductions in taxation, have been approved and the necessary legislation has been enacted.

Honourable Members of the Senate:
Members of the House of Commons:

As you return to your homes, I should like to extend to you and through you to those you represent my best wishes for the Christmas season and to express the hope that Divine Providence will continue to bless our people with prosperity and happiness in the New Year.

This concluded the first session of the twenty-first parliament.

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

DEPARTMENT OF AGRICULTURE

31. Major irrigation and water conservation projects in the prairie provinces, $7,500,000.

32. Prairie Farm Assistance Act administration, $500,000.

33. To provide for assistance to encourage the improvement of cheese and cheese factories, $1,700,000.

34. To provide assistance for the replacement of maple production equipment, $500,000.

35. To provide for administrative expenses, Agricultural Prices Support Act, 1944, $60,000.

36. To reclaim and to prevent the flooding of valuable agricultural lands in the valley of the Lillooet river, near Pemberton, B.C., $312,000.

37. Land reclamation and development in British Columbia under such terms and conditions as may be approved by the governor in council, $917,500.

38. Land protection and reclamation; clearing and settlement of new lands under such terms and conditions as may be approved by the governor in council, $200,000.

39. Emergency protection and reclamation of maritime dikelands under such terms and conditions as may be approved by the governor in council, $50,000.

40. Maritime Marshland Rehabilitation Act, and necessary surveys in connection therewith, $400,000.

41. For assistance in construction of potato warehouses under regulations to be approved by the governor in council, $100,000.

42. Agricultural Products Act—to provide for losses incurred in respect of the purchase, sale and export of agricultural products under the Agricultural Products Act, including authority for the Minister of Finance, at the request of the Minister of Agriculture, from time to time, to pay amounts in

the aggregate not exceeding $40,000,000 out of any unappropriated money in the consolidated revenue fund as recoverable advances, $100,000.

Demobilization and reconversion—

43. Freight assistance on western feed grains, $4,750,000.

44. Agricultural lime assistance, $410,000.

45. Dairy products board, $22,022.

46. Meat board, including quality premiums on A and B1 grade hog carcasses, $5,877,133.

47. Special products board, $24,000.

Administration service—

746. Departmental administration—further amount required, $24,500.

Science service—

747. Science service administration — further amount required, $165,000.

748. Animal and poultry pathology—further amount required, $35,000.

749. Botany and plant pathology—further amount required, $18,000.

750. Agricultural chemistry—further amount required, $6,000.

751. Agricultural entomology—further amount required, $136,000.

752. Forest entomology—further amount required, $491,570.

Experimental farms service—

753. Central experimental farm—further amount required, $58,900.

754. Branch farms and stations and illustration stations—further amount required, $540,870.

Production service—health of animals—

755. To provide for payment of compensation to owners of animals affected with diseases coming under the operation of the Animal Contagious Diseases Act, which have died or have been slaughtered under circumstances unprovided for under the above act and regulations thereunder, in the amounts detailed in the estimates, $1,815.

756. To provide for payment of compensation for turkeys that died while under quarantine for suspected avian pneumoencephalitis (Newcastle disease), $9,248.

757. Live stock and poultry—further amount required, $20,000.

Marketing service—

758. Dairy products—further amount required, $25,000.

759. Subsidies for cold storage warehouses under the Cold Storage Act, and grants, in the amounts detailed in the estimates—further amount required, $227,866.

760. Marketing of agricultural products—further amount required, $25,000.

Special—

761. To reclaim and to prevent the flooding of valuable agricultural lands in the valley of the Lillooet river, near Pemberton, B.C.—further amount required, $58,000.

762. Amount required to recoup the agricultural prices support account to cover the net operating loss of the agricultural prices support board during the fiscal year 1948-49, $3,473,295.

763. To provide for a grant to the federated women's institutes of Canada, $2,000.

Demobilization and reconversion—

764. Freight assistance on western feed grains, including outstanding claims under the feed grain payment policy—further amount required, $12,000,000.

Science service—

666. Plant protection—further amount required, $9,325.

Demobilization and reconversion—

667. Freight assistance on western feed grains—further amount required, $250,000.

668. Agricultural lime assistance—further amount required, $25,000.

DEPARTMENT OF TRADE AND COMMERCE

A—Department—

413. Departmental administration, $468,107.

414. Commodities branch, including assistance in the development of markets and the procurement of supplies, and contributions as detailed in the estimates—a proportion formerly under demobilization and reconversion, $753,324.

415. Trade commissioner service, including payment of compensation to trade commissioners for loss of furniture and effects, under regulations approved by the governor in council, $2,125,495.

416. Publicity and advertising in Canada and abroad, $267,210.

417. Economic research and development branch, including the conducting of investigations and reporting upon commercial relations and foreign tariffs, and the development of Canadian industry, and a contribution of $8,400 to the international customs tariffs bureau—a proportion formerly under demobilization and reconversion, $536,960.

Exhibitions—

418. Exhibitions generally, including a contribution of $1,000 to the international bureau of exhibitions, $328,832.

419. Canadian international trade fair, 1949, including authority to refund from revenue deposits received for contracts for space (revote $115,000), $624,000.

Standards division—

420. Administration, including administration of the Precious Metals Marking Act, $92,850.

421. Electricity and gas inspection services, including administration of the Electricity and Fluid Exportation Act, $483,800.

422. Laboratory, $40,460.

423. Weights and measures inspection services, $553,860.

424. To provide for expenses of the industrial defence board, $92,780.

Dominion bureau of statistics—

425. Administration, $193,235.

426. Statistics, including contribution of $6,291 to the Inter-American Statistical Institute, $3,032,875.

427. Census of population, including a contribution of $3,146 to the Inter-American Statistical Institute committee on the 1950 census of the Americas, $569,836.

Wheat and grain division—

428. Salaries and other expenses, $43,640.

429. To hereby authorize the Canadian wheat board to buy rapeseed and sunflower seed from producers at a price of six cents per pound for the best grade f.o.b. local shipping point and at appropriate prices for other grades during the period commencing on August 1, 1948, and ending on July 31, 1949; to sell rapeseed and sunflower seed so purchased or the oil extracted therefrom as directed by the Minister of Trade and Commerce; to enter into such contracts as the said minister may direct for the carrying out of any of these operations, $1.

Canada Grain Act—

430. Administration, $117,835.

431. Operation and maintenance, including inspection, weighing, registration, etc., $2,157,643.

432. Canadian government elevators, including equipment, $919,411.

Special—

433. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence under chapter 51, statutes of 1947, $900,000.

Fraser Valley diking board—

434. To provide for payments by the government of Canada under the agreement dated July 22, 1948, between the government of Canada and the government of British Columbia, establishing the Fraser Valley diking board—formerly under Department of Finance, $3,000,000.

Demobilization and reconversion—

435. Emergency import control—salaries and other expenses—formerly under Department of Reconstruction and Supply, departmental administration, $252,295.

436. To provide for the liquidation of contracts, including commitments of previous years related to the acquisition of assets operated by the Department of Reconstruction and Supply or an agency of the Department of Reconstruction and Supply; and for miscellaneous and unforeseen expenses—formerly under reconstruction and supply, $400,000.

437. To provide for production and transportation subsidies on steel and iron under such terms and conditions as may be approved by the governor in council—formerly under reconstruction and supply, $7,750,000.

438. To provide for research and development of jet engines and aircraft—formerly under reconstruction and supply, $1,500,000.

B—General—(formerly under reconstruction and supply)—

Dominion coal board—

439. Administration and investigations of the dominion coal board, $94,100.

440. Payments in connection with the movements of coal under conditions prescribed by the governor in council, $4,500,000.

National research council—

441. Salaries and other expenses of the national research council, $8,908,969.

442. Expanded research on the utilization of farm crops (revote), $135,000.

443. Applied (industrial) chemistry building, $750,000.

444. Grant to the Royal Society of Canada, $8,000.

445. New waterline for Montreal road laboratories (revote $125,000), $150,000.

446. Maritime regional laboratory (revote $140,000), $478,000.

447. Electrical engineering and radio laboratory—purchase of site and preliminary plans, $175,000.

Atomic energy control board—

448. Administration expenses of the atomic energy control board, $76,020.

449. Researches and investigations with respect to atomic energy, $150,000.

450. Chalk River project—capital and operating expenses, $6,056,670.

Canadian Arsenals Limited—

451. Administration and operation of Canadian Arsenals Limited—formerly under demobilization and reconversion, $2,900,000.

452. To provide for the cost of replacement, repair, reconditioning and salvage of essential buildings, machinery and equipment destroyed by fire at the Dominion Arsenals plant of Canadian Arsenals Limited, $1,300,000.

A—Department—

713. Trade commissioner service, including payment of compensation to trade commissioners for loss of furniture and effects, under regulations approved by the governor in council—further amount required, $41,332.

Dominion bureau of statistics—

714. Census of population—further amount required, $30,300.

B—General—National research council—

715. Salaries and other expenses of the national research council—further amount required, $10,000.

A—Department—Exhibition commission—

898. Exhibitions generally—further amount required, $30,000.

899. Canadian International Trade Fair, 1950, including authority to refund from revenue deposits received for contracts for space, $422,000.

Dominion bureau of statistics—

900. Administration—further amount required, $1,602.

901. Statistics—further amount required, $85,076.

902. Census of population—further amount required, $60,000.

Wheat and grain division—

903. To authorize such payments to the Canadian wheat board out of unappropriated moneys in the consolidated revenue fund as may be necessary to assure a return to the Canadian wheat board on sales of wheat for use in Canada equal to the prices received by the Canadian wheat board under the Canada-United Kingdom wheat contract, $1.

904. To provide for the Canadian government's assessment for membership in the international wheat council for the crop year 1949-50, $25,577.

Canada Grain Act—

905. Operation and maintenance, including inspection, weighing, registration, etc.—further amount required, $18,668.

Special—

906. To reimburse the Canadian Commercial Corporation for expenses incurred in purchasing materials, supplies and equipment, etc., on behalf of the Department of National Defence, under chapter 51, statutes of 1947—further amount required, $75,000.

907. Fraser valley diking board—to provide for payments by the government of Canada for certain dike reconstruction and improvement desirable to protect the works already undertaken in the main program under the agreement dated July 22, 1948, between the government of Canada and the government of British Columbia, establishing the Fraser valley diking board, $1,125,000.

B—General—National research council—

908. Salaries and other expenses of the national research council—further amount required, $25,390.

909. Supersonic wind tunnel building and equipment and to authorize commitments against future years in the amount of $30,000, $275,000.

Atomic energy control board—

910. Chalk River project—capital and operating expenses—further amount required, $375,000.

936. To provide for the purchase and storage of, and incidental expenses in connection with, strategic reserves of materials, $1,293,375.

DEPARTMENT OF PUBLIC WORKS

326. Departmental administration, $264,135.

Architectural branch—

327. Branch administration, $373,105.

328. Ottawa—maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, etc., and to authorize commitments against future years in the amount of $500,000, $8,711,199.

Construction, repairs and improvements of public buildings—

329. Maintenance and operation of dominion public buildings and grounds, other than at Ottawa, including rents, repairs, furniture, heating, etc., and to authorize commitments against future years in the amount of $500,000, $11,289,644.

Nova Scotia—

330. Dartmouth public building—addition and alterations (revote $15,000), $29,000.

Dominion—public building—(revote), $25,000.

Halifax—accommodation for customs (revote), $100,000.

Halifax customs building—improvements and elevator (revote $21,000), $25,000.

Halifax—postal station at Armdale (revote), $43,000.

Halifax—office building, $150,000.

Kentville public building—addition and alterations, $15,000.

Kingston—public building (revote $23,000), $53,500.

New Brunswick—

331. Andover—customs and immigration buildings (revote $40,000), $100,000.

Fredericton—public buildings—site and preliminary work towards construction of building (revote $73,500), $150,000.

Moncton public building—addition and alterations (revote $50,000), $150,000.

North Head public building—addition and alterations (revote $25,000), $32,000.

Sackville public building—addition and alterations, $10,000.

Saint John public building—addition and alterations, $500,000.

St. Leonard—customs and immigration buildings (revote $50,000), $100,000.

St. Stephen—public building—(revote $20,000), $50,000.

Sussex public building—addition and fittings (revote $27,000), $35,000.

West Saint John—terminal building for customs and immigration (revote $200,000), $675,000.

Prince Edward Island—

332. Charlottetown—public building (revote $100,000), $150,000.

Summerside—public building (revote $50,000), $100,000.

Maritime provinces generally—

333. Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $100,000, $535,000.

Quebec—

334. Armstrong customs and immigration building (revote), $50,000.

Baie Comeau—public building (revote), $90,000.

Chandler—public building (revote $25,000), $71,000.

Cowansville—public building (revote $50,000), $100,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $100,000, $900,000.

Donnaconna—public building (revote $35,000), $91,500.

Drummondville—public building (revote), $146,000.

Granby public building—addition, alterations and improvements (revote $15,000), $30,000.

Joliette public building—addition (revote), $50,000.

Lacolle (Blackpool)—building for customs, $190,000.

Levis—public building, $100,000.

Maniwaki public building—addition and alterations (revote $14,000), $39,000.

Masson—public building (revote $35,000), $50,000.

Matane public building—addition, alterations and improvements (revote), $40,000.

Mont Joli—public building (revote $50,000), $140,000.

Montmagny—public building (revote $50,000), $100,000.

Montmorency village—site for public building, $10,000.

Montreal—building for British and foreign mail (revote $255,000), $400,000.

Montreal—Longueuil postal station—addition and alterations (revote $37,000), $50,000.

Montreal— Mount Royal postal station, $60,000.

Montreal—Notre Dame de Grace postal station—addition and alterations (revote), $56,000.

Montreal—postal station "B" (revote $350,000), $450,000.

Montreal—postal terminal—addition (revote $95,000), $500,000.

Montreal—St. Henri postal station—site (revote), $25,000.

Montreal—site for Youville postal station, $50,000.

Noranda—public building (revote), $70,000.

Quebec—marine stores building—elevator (revote $16,000), $25,000.

Rimouski—public building (revote $55,000), $75,000.

Rock Island customs and immigration building—addition to site (revote), $60,000.

St. Felicien—public building, $10,000.

St. Georges de Beauce—addition to public building site (revote), $15,000.

St. Henri de Levis—public building (revote $25,000), $40,000.

St. Jerome—public building, $50,000.

Ste. Therese de Blainville—public building—addition and alterations (revote), $25,000.

Sherbrooke—public building (revote), $200,000.

Thetford Mines public building—addition, alterations and repairs (revote $60,000), $130,000.

Three Rivers public building—addition (revote $45,000), $200,000.

Val d'Or—public building (revote $70,000), $253,000.

Ontario—

335. Barrie—public building (revote), $80,000.

Belleville—public building (revote $52,000), $100,000.

Brantford public building—elevator (revote), $8,500.

Chapleau—public building (revote $25,000), $91,500.

Chatham—public building (revote $50,000), $150,000.

Cornwall—public building (revote $50,000), $150,000.

Delhi—public building (revote $25,000), $120,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $100,000, $900,000.

Dundas public building—addition and alterations (revote $20,000), $40,000.

Fergus public building—addition and alterations revote $29,000), $55,000.

Fort Erie customs building—addition and alterations (revote $50,000), $75,000.

Geraldton—public building (revote $24,500), $120,000.

Hamilton—office building (revote $100,000), $300,000.

Little Current—public building (revote $50,000), $142,500.

Ottawa—additions to mines and resources sites on Booth and Le Breton streets (revote $33,000), $200,000.

Ottawa—building for Department of Veterans Affairs (revote $100,000), $300,000.

Ottawa—Central Experimental Farm—accommodation for staff (revote $6,500), $10,000.

Ottawa—Central Experimental Farm—insecticide building, $35,000.

Ottawa—departmental office building (revote $175,000), $350,000.

Ottawa—East Block—improvements, $200,000.

Ottawa—fuel research laboratory—alterations and improvements (revote), $50,000.

Ottawa—improvements to heating in Woods and Canadian buildings (revote $70,000), $85,000.

Ottawa—laboratory accommodation for Department of Mines and Resources, $110,000.

Ottawa—toward accommodation for Department of Mines and Resources, $50,000.

Ottawa—new supreme court building—rehabilitation, completion and furnishing (revote), $200,000.

Ottawa—records storage building—alterations and improvements, $340,000.

Ottawa—testing laboratory for Department of Public Works (revote $50,000), $223,000.

Pelee Island—building for Department of National Revenue (revote $5,000), $16,000.

Pembroke—public building (revote $25,000), $100,000.

Peterborough—public building (revote $50,000), $100,000.

Picton—public building—addition and alterations (revote), $25,000.

Port Arthur—public building—purchase of site (revote), $50,000.

Port Colborne—public building—addition and alterations (revote), $26,000.

Sault Ste. Marie—public building, $265,000.

Sudbury—public building site (revote), $165,000.

Tecumseh—public building (revote $31,000), $35,000.

Toronto—city delivery building—extension, restoration, mechanical equipment and addition to site (revote $150,000), $300,000.

Toronto—postal station on St. Clair avenue (revote $85,000), $125,000.

Toronto—postal station "E" (revote $30,000), $100,000.

Welland—public building—addition, fittings and improvements (revote $50,000), $250,000.

Manitoba—

336. Brandon public building—addition and alterations (revote), $30,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $205,000.

Flin Flon—public building (revote $100,000), $184,000.

Grandview—public building (revote), $49,000.

Pine Falls—public building (revote $35,000), $40,000.

Winnipeg—postal accommodation at Canadian National Railways station (revote $75,000), $100,000.

Winnipeg—public building—site (revote), $150,000.

Saskatchewan—

337. Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $250,000.

Ituna—public building (revote), $25,000.

Langenburg—public building, $20,000.

North Portal—building for customs and immigration (revote $65,000), $115,000.

Prince Albert public building—addition and alterations (revote), $120,000.

Regina—accommodation for the taxation division of the Department of National Revenue, $200,000.

Rosetown—public building (revote), $25,000.

Saskatoon—public building—addition and alterations, $150,000.

St. Walburg—public building (revote $20,000), $70,000.

Alberta—

338. Chief Mountain—customs and immigration building (revote $75,000), $120,000.

Coutts—buildings for customs and immigration (revote $133,000), $175,000.

Dominion public buildings—improvements and repairs and to authorize commitments against future years in the amount of $50,000, $205,000.

Edmonton—addition and alterations to South Edmonton postal station (revote), $45,000.

Edmonton—postal terminal (revote $50,000), $400,000.

Edmonton—public building (revote $80,000), $150,000.

Leduc—public building (revote), $25,000.

Macleod—public building (revote $25,000), $60,000.

Peace River public building—local improvements (revote) $8,500.

Red Deer—public building (revote $50,000), $100,000.

British Columbia—

339. Abbotsford—public building, $91,000.

Dominion public buildings—improvements and repairs, to authorize commitments against future years in the amount of $50,000, $400,000.

Douglas—buildings for customs and immigration (revote), $120,000.

Haney—public building (revote $47,000), $132,000.

Huntingdon—buildings for customs and immigration, $10,000.

Kingsgate—customs and immigration building (revote), $100,000.

Ladner—public building, $80,000.

Langley prairie public building (revote $75,000), $129,000.

Nanaimo—public building, $50,000.

North Vancouver—postal station, $225,000.

Ocean Falls—public building (revote $40,000), $75,000.

Osoyoos—customs and immigration buildings (revote $40,000), $100,000.

Smithers—public building (revote), $25,000.

Vancouver—Alvin estates building—purchase, alterations and extension (revote $800,000), $1,100,000.

Vancouver—Begg building—purchase, alterations and extension (revote $380,000), $620,000.

Vancouver—post office building site (revote $250,000), $350,000.

Vancouver—Addition and alterations to postal station at Sea Island airport, $17,000.

Vancouver—building for customs, $100,000.

Victoria—public building (revote $50,000), $350,000.

White Rock—public building (revote $25,000), $65,000.

Generally—

340. Dominion immigration buildings—repairs, improvements, etc., $125,000.

341. Dominion quarantine stations—maintenance and repairs, $50,000.

342. Experimental farms and science laboratories—replacements, repairs and improvements to buildings, $350,000.

343. Building for national film board (revote), $25,000.

344. London, England—clerk's table for the new British House of Commons (revote $7,500), $9,400.

345. National capital planning service, $125,000.

346. National printing bureau (revote $440,000), $600,000.

347. Public buildings generally—repairs, alterations, fittings and improvements and to authorize commitments against future years in the amount of $200,000, $1,000,000.

348. Veterans' hospitals—repairs, improvements and alterations, $175,000.

Engineering branch—

349. Branch administration, $327,655.

350. Engineering, including salaries of engineers, clerks, etc., $1,306,903.

Dredging—

351. General superintendence, $16,440.

352. Maritime provinces, $1,595,510.

353. Ontario and Quebec, $1,759,090.

354. Manitoba, Saskatchewan, Alberta and Northwest Territories, $417,240.

355. British Columbia and Yukon, $701,440.

Maintenance and operation of graving docks, locks and dams, etc.—

356. Champlain graving dock, $314,313.

357. Esquimalt graving dock, $127,460.

358. Esquimalt old dry dock, $9,000.

359. Lorne graving dock, $364,646.

360. Selkirk—repair slip, $6,750.

361. Locks and dams, $377,370.

362. Snagboats, $98,841.

Maintenance and operation of roads and bridges—

363. Burlington channel bridge, $56,970.

364. Kingston, LaSalle causeway, $166,756.

365. New Westminster bridge, $51,245.

Generally—

366. Construction, repairs and improvements—harbours and rivers, $82,958.

Nova Scotia—

367. Anderson's Cove—breakwater repairs (revote $6,000), $20,000.

Arrow Point—breakwater extension, $24,000.

Aspotogan—wharf, $6,500.

Babin's Cove—(Arichat)—breakwater, $20,000.

Baddeck—wharf reconstruction (revote $50,000), $55,000.

Ballantyne's Cove—breakwater repairs (revote $42,800), $46,000.

Battery Point—breakwater extension (revote), $20,000.

Bay St. Lawrence—harbour repairs and improvements ((revote $100,000), $211,500.

Black Point—wharf repairs and improvements, $48,000.

Boudreauville—breakwater wharf extension, $8,000.

Breen's Pond—breakwater replacement (revote $52,000), $55,000.

Broad Cove—Groyne extension, $8,000.

Broad Cove Marsh—harbour improvements, $38,000.

Cape John—breakwater (revote), $50,000.

Capstick—breakwater reconstruction (revote $59,400), $70,000.

Chapel Cove—groyne extension, $8,000.

Chester Ironbound—breakwater extension (revote $26,000), $28,000.

Clarke's Harbour—dredging, $85,000.

Comeauville—groyne, $6,000.

Cook's Beach—harbour protection, $12,000.

Cow Bay (Port Morien)—breakwater reconstruction and dredging (revote), $155,000.

Crescent Beach—improvements and extension to beach protection, $7,500.

Digby—repairs to piers, $30,000.

Dingwall—dredging, $130,000.

Dover—wharf extension (revote), $27,000.

Drum Head—wharf replacement (revote $161,500), $173,000.

East Ferry—breakwater replacement (revote $60,000), $70,000.

Eastern Passage—dredging (revote $47,000), $50,000.

Fall's Point (Woods Harbour)—wharf extension (revote), $115,000.

Ferry landings at Tiverton, East Ferry, Freeport and Westport (revote), $300,000.

Gabarus—breakwater wharf replacement, $135,000.

Glace Bay—breakwater reconstruction, $126,000.

Grand Etang—pier extension (revote), $10,000.

Hampton—breakwater repairs, $63,000.

Harbours and rivers generally—for maintenance of services, no new work to be undertaken, $755,000.

Ingonish Beach—wharf reconstruction, $38,000.

Ingonish Ferry—wharf repairs and improvements (revote), $30,000.

Iona—wharf improvements, $13,000.

John Vogler's Shore—breakwater extension, $12,000.

King's Bay—breakwater replacement, $65,000.

Larry's River—breakwater extension, $7,000.

Little Anse—breakwater replacement (revote), $206,000.

Little Harbour—breakwater wharf, $20,000.

Little Harbour (L'Ardoise)—breakwater extension, $21,000.

Little Judique Ponds—breakwater repairs, $21,000.

Liverpool—wharf (revote), $35,000.

Livingstone Cove—wharf reconstruction (revote $60,000), $72,000.

Lower East Pubnico—wharf improvements, $14,000.

Lunenburg (Battery Point)—breakwater reconstruction (revote $10,000), $60,000.

McDonald's Cove—breakwater extension, $35,000.

Malagash—wharf extension, $38,000.

Margaree Harbour—breakwater extension, $61,000.

Mauger's Beach—replacing protection of Halifax harbour (revote $10,300), $12,000.

Mill Cove—breakwater extension (revote), $55,000.

Neil's Harbour—breakwater repairs (revote), $135,000.

New Glasgow—wharf repairs (revote), $28,500.

New Harbour—wharf replacement, $42,000.

North Sydney—breakwater repairs (revote $6,000), $24,000.

North Sydney—towards wharf and shed, $150,000.

North West Cove (Scatari island)—breakwater reconstruction (revote $70,000), $83,000.

North West Cove (Tancook)—breakwater extension (revote), $35,000.

Owl's Head—wharf extension, $12,000.

Parker's Cove—breakwater repairs, $68,000.

Peter de Grat—breakwater, $6,500.

Pictou—towards restoration of harbour facilities, $200,000.

Pleasant Bay (The Ponds)—pier reconstruction, $25,000.

Point Michaud—breakwater replacement, $20,000.

Port Felix—wharf replacement (revote $20,000), $23,000.

Port Hawkesbury—wharf repairs (revote), $50,000.

Port Maitland—towards breakwater reconstruction and extension (revote $23,500), $180,000.

Port Mouton—breakwater replacement, $50,000.

Pugwash—wharf repairs (revote $75,500), $307,000.

Seal Harbour—dredging (revote), $58,000.

Seaside (Harbour View)—breakwater replacement (revote $24,500), $35,000.

Shad Bay—wharf replacement (revote $11,000), $12,000.

Short Beach—breakwater repairs (revote), $85,000.

Sydney Harbour (South Bar)—to purchase property, $13,000.

Wadden Cove—breakwater replacement (revote $13,500), $15,000.

Willow Cove (Port Mouton)—dredging, $45,000.

Windsor—shear dam reconstruction and extension, $16,000.

Yarmouth Bar—towards breakwater reconstruction (revote $100,000), $200,000.

Prince Edward Island—

368. Alberton—to take over and reconstruct wharf, $11,000.

Anglo Rustico—wharf, $10,000.

Annandale—boat basin (revote), $6,000.

Canoe Cove—breakwater repairs (revote $18,000), $23,000.

Charlottetown—towards wharf reconstruction and improvements (revote $238,000), $350,000.

Fishing Cove (Cape Egmont)—wharf and breakwater (revote $47,000), $88,000.

Graham's Pond—breakwater repairs, extension and protection block, $27,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $35,000, $125,000.

Launching Pond—boat harbour (revote), $57,000.

Little Sands—wharf reconstruction (revote $70,000), $90,000.

North Lake—reconstruction of breakwaters (revote $71,000), $75,000.

Souris—breakwater repairs—(revote $50,000), $58,000.

Souris—railway wharf—towards reconstruction and dredging, $200,000.

Summerside—railway wharf—repairs to wharf and reconstruction of shed (revote $84,000), $113,000.

Summerside—to take over and reconstruct Holman's wharf (revote), $20,000.

Tignish—repairs to breakwaters, $65,000.

Tracadie harbour—towards breakwater reconstruction, $50,000.

Wood Islands—harbour improvements (revote $11,000), $25,000.

New Brunswick—

369. Barachois—wharf improvements and dredging (revote $25,000), $29,000.

Blue Cove—breakwater repairs (revote $40,000), $60,000.

Botsford—breakwater extension (revote $50,000), $110,000.

Buctouche—dredging (revote $31,000), $115,000.

Burnt Church—wharf repairs (revote $25,000), $50,000.

Campbellton—dredging (revote), $10,000.

Caraquet—towards harbour improvements and repairs (revote $100,000), $160,000.

Cape Bald—towards replacement of breakwater approach, $100,000.

Chockfish—wharf (revote), $11,000.

Cocagne Bar (Cormierville)—breakwater wharf (revote $25,000), $26,000.

Escuminac—breakwater repairs (revote $21,300), $22,500.

Grande Anse—pier repairs, $90,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $65,000, $200,000.

Little Shippigan—wharf extension (revote $70,000), $85,000.

Mace's Bay—breakwater (revote $100,000), $189,000.

Malloch's Beach—breakwater extension (revote $65,000), $83,000.

Neguac Church—wharf extension (revote $50,000), $61,000.

North Head (Grand Manan)—towards wharf, $200,000.

Petit Rocher—breakwater repairs (revote), $141,000.

Pointe du Chene—repairs to wharf and breakwater, $74,000.

Richibucto—wharf improvements, $135,000.

Richibucto Cape—repairs and improvements to harbour works (revote $3,500), $7,500.

St. Andrews—wharf improvements (revote $100,000), $260,000.

St. Mary's (Shippigan Island)—towards breakwater, $150,000.

Seal Cove—breakwater (revote $100,000), $334,000.

Seal Cove—repairs to breakwaters (revote), $19,500.

Shippigan — Savoy landing — towards wharfage facilities subject to an agreement to be entered into with the provincial government as to division of costs (revote), $205,000.

Stonehaven—breakwater repairs and improvements (revote $30,000), $36,000.

Tracadie—wharf (revote), $21,000.

Welchpool—wharf replacement (revote $133,000), $143,000.

Quebec—

370. Baie Comeau—wharf improvements (the agreement made by the Minister of Public Works on the tenth day of January, 1949, with Quebec North Shore Paper Co., for payment of an annual amount until 1989, in lieu of wharfage dues and tolls is hereby ratified, notwithstanding the Government Harbours and Piers Act, c. 89 of R.S.C. 1927) (revote $318,000), $500,000.

Baie de la Trinité—dredging (revote), $141,000.

Baie des Sables—wharf extension (revote $43,000), $230,000.

Baie Ste. Catherine— towards wharf reconstruction, $150,000.

Barachois de Malbaie (Bridgeville)—jetty reconstruction (revote), $114,000.

Blanc Sablon—wharf (revote $125,000), $300,000.

Boischatel—wharf reconstruction, $63,000.

Cap Chat—wharf extension (revote $85,000), $310,000.

Cap Sante—wharf reconstruction (revote) $9,000.

Chandler—wharf reconstruction, subject to construction by the Gaspesia Sulphite Co. (revote $210,000), $370,000.

Chateau Richer—wharf repairs, $27,000.

Cloridorme—wharf (revote $50,000), $270,000.

Deauville (Little Magog Lake)—wharf, $15,000.

Entry Island, M.I.—wharf (revote $32,000), $40,000.

Ferme Neuve—wharf, $9,500.

Forestville—shed on wharf, $7,000.

Gascons (Anse a Mercier)—wharf extension, $59,000.

Grandes Bergeronnes (Pointe a John)—wharf extension, $53,000.

Grande Entree—breakwater (revote $47,000), $115,000.

Grande Riviere—reconstruction of harbour works and dredging (revote $284,000), $359,000.

Grande Vallee—jetty reconstruction, $23,000.

Grande Vallee—towards deep water wharf (revote $50,000), $300,000.

Harbours and rivers generally—for maintenance of service, no new works to be undertaken, and to authorize commitments againts future years in the amount of $125,000, $600,000.

Iberville—wharf reconstruction, $27,000.

L'Anse a Beaufils—jetty extension, $38,000.

L'Anse a Brillant—harbour improvements, $14,000.

L'Anse au Griffon—reconstruction of jetties. $45,000.

La Sarre—wharf, $6,300.

La Tabatiere—wharf extension (revote $39,000), $46,000.

Les Eboulements—wharf improvements, $23,000.

Levis—towards reconstruction of wharf (revote $200,000), $350,000.

Marsouins—towards wharf extension, $200,000.

Matane—towards breakwater reconstruction, $200,000.

Matane—towards wharf reconstruction (revote $100,000), $350,000.

Mechins—towards wharf extension, $250,000.

Mont Louis—wharf repairs, $33,000.

Montmagny—wharf reconstruction (revote), $57,000.

Natashquan—wharf reconstruction and improvement (revote $173,000), $188,000.

Newport (L'Anse a Blondel)—breakwater, $36,000.

North Temiskaming bridge—improvements, $20,500.

Norway Bay—wharf replacement, $57,000.
Notre Dame du Portage—wharf reconstruction and extension (revote $50,000), $170,000.
Paspebiac—harbour repairs and improvements (revote $19,000), $37,500.
Petit Gaspe—wharf extension, $11,000.
Petite Riviere Est—harbour improvements, $31,000.
Point Basse, M.I.—breakwater wharf replacement (revote $113,000), $120,000.
Pointe au Pere—wharf repairs, $44,000.
Port Daniel—fishing harbours (revote $50,000), $120,000.
Quebec, Inner Louise basin—wharf repairs (revote), $30,000.
Ragueneau—wharf extension and improvements, $105,000.
Richelieu river—dredging (revote $177,000), $200,000.
Rimouski—towards wharf reconstruction (revote $280,000), $720,000.
Riviere au Renard—wharf repairs and improvements, $22,000.
Riviere au Tonnerre—dredging (revote), $60,000.
Riviere Colombier (Anse Noire)—wharf enlargement (revote $30,000), $36,000.
Riviere des Mille Iles—dredging (revote), $40,000.
Riviere Ouelle (Pointe aux Orignaux)—wharf reconstruction (revote $100,000), $155,000.
Riviere Pentecote—redredging (revote), $90,000.
Riviere Whalen (Cap des Rosiers)—fishing harbour (revote $105,000), $306,000.
Ruisseau Chapados—harbour improvements (revote $55,000), $60,000.
Ruisseau LeBlanc—breakwater reconstruction (revote $95,000), $98,000.
Ste. Anne des Monts—wharf reconstruction and extension (revote $680,000), $1,030,000.
St. Francois du Lac—wharf repairs (revote), $32,000.
St. Jean, I.O.—wharf reconstruction (revote $5,000), $13,000
St. Jean Port Joli—towards wharf reconstruction, $75,000.
St. Joachim de Tourelle (Anse des Quinze Collets)—breakwater, $30,000.
St. Joseph d'Alma—wharf reconstruction (revote $18,400), $35,000.
St. Michel de Bellechasse—wharf repairs (revote $52,000), $58,000.
Sorel—harbour repairs and improvements (revote $355,000), $614,000.
Tadoussac (Anse Tadoussac)—towards wharf reconstruction, $200,000.
Vercheres—harbour repairs and improvements (revote $30,000), $157,000.
Ville Marie—wharf, $31,000.

Ontario—

371. Amethyst Harbour—wharf, $11,000.
Belleville—harbour improvements, $23,000.
Britt—wharf (revote $8,600), $12,000.
Brockville—breakwater reconstruction (revote), $98,000.
Burditt Lake (Clearwater Lake)—wharf, $8,000.
Byng Inlet—wharf (revote), $7,300.
Charlton—wharf, $5,400.
Christian Island—wharf extension (revote $10,300), $12,000.
Cockburn Island—reconstruction of harbour works (revote $56,000), $61,000.
Collingwood—harbour reconstruction and improvements (revote $100,000), $265,000.
Dawson's Point (New Liskeard)—wharf, $7,000.
Dryden—wharf (revote), $10,000.
Fort William—dredging (revote $60,000), $486,000.
Fort William—wharf, $35,000.
Goderich—redredging and repairs to harbour works (revote $30,000), $148,000.
Gore Bay—wharf extension, $39,000.
Hamilton—harbour improvements (revote $630,000), $1,000,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $350,000.
Honora—wharf replacement (revote $3,500), $8,000.
Island Grove—wharf (revote), $23,000.
Lion's Head—wharf repairs, $25,000.
Macdiarmid—breakwater replacement, $25,000.
Matachewan—wharf, $6,000.
Meaford—repairs to harbour wall, $30,000.
Michipicoten—dredging, $80,000.
Midland to Parry Sound—towards dredging inside channel (revote $152,000), $162,000.
Millhaven—wharf enlargement, $21,000.
New Liskeard—breakwater wharf, $8,000.
Nipigon—wharf extension and dredging (revote), $57,000.
Oshawa—redredging, $150,000.
Ottawa (Rideau river)—repairs to walls (revote $56,400), $59,000.
Owen Sound—harbour improvements (revote), $105,000.
Pelee Island—wharf reconstruction (revote $50,000), $80,000.
Penetanguishene—harbour improvements (revote $22,000), $35,000.
Port Arthur—dredging (revote $160,000), $165,000.
Port Arthur—breakwater, $500,000.
Port Bruce—reconstruction of pier (revote $38,000), $65,000.
Port Burwell—reconstruction of pier (revote $24,000), $325,000.
Port Colborne—breakwater repairs (revote $24,000), $85,000.
Port Dover—repairs to west pier, $51,000.
Port Lambton—harbour improvements, $35,000.
Port Maitland—repairs to harbour works, $35,000.
Portsmouth—wharf reconstruction, $96,000.
Port Stanley—towards pier reconstruction, $100,000.
Salmon Point—breakwater extension (revote $17,100), $23,000.
Sand Point—wharf repairs (revote $39,000), $43,000.
Sioux Narrows—wharf, $9,000.
South Baymouth—harbour improvements (revote $52,000), $65,000.
Squaw Bay—wharf replacement, $19,000.
Stella (Amherst Island)—wharf enlargement, $12,000.
Stokes Bay—wharf repairs, $29,000.
Tobermory—warehouse and lighting on wharf, $14,000.
Toronto—harbour maintenance (revote $15,000), $59,000.
Toronto—harbour improvements (revote $310,000), $560,000.
Trenton—wharf extension, $20,000.
Wallaceburg—extension to wharf and warehouse (revote $31,500), $38,000.
Waupoos—Waupoos Island wharves, $17,600.
Wheatley (Muddy Creek)—fishing harbour (revote $37,000), $80,000.
Whitby—repairs to harbour works (revote), $50,000.

Manitoba—

372. Assiniboine river—diking and cut off (revote $34,000), $78,000.
Athapapuskow Lake—wharf, $6,000.
Gimli—breakwater reconstruction, $35,000.
Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $60,000.
Hnausa—jetty reconstruction, $26,000.
Hnausa—wharf reconstruction (revote), $39,000.
Lac du Bonnet—wharf reconstruction, $35,000.
St. Andrews—river breakwater (revote), $41,000.

St. Andrews lock and dam—improvements to bridge (revote $35,000), $106,000.

The Pas—wharf reconstruction (revote), $24,000.

Winnipegosis—wharf and haulout slip (revote $9,000), $11,000.

Saskatchewan, Alberta and Northwest Territories—

373. Alberta Beach, Alberta—wharf repairs (revote), $24,000.

Bell Rock (Fort Smith), Northwest Territories—wharf (revote $119,000), $215,000.

Cold Lake, Alberta—towards harbour improvements (revote), $23,000.

Fort Fitzgerald, Alberta—wharf repairs and extension, $60,000.

Fort Franklin, Northwest Territories—wharf repairs and extension (revote), $22,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, $25,000.

Hay River, Northwest Territories—wharf, $57,000.

Waskesiu Lake, Saskatchewan—harbour improvements (revote $28,000), $37,000.

Waterways, Alberta—reconstruction of wing dams (revote), $23,000.

Yellowknife, Northwest Territories—wharf (revote $8,000), $9,000.

British Columbia and Yukon—

374. Alert Bay—wharf, $79,000.

Arrow Park West—wharf reconstruction, $24,000.

Balmoral—wharf (revote), $14,000.

Bear River, Bedwell Sound—float, $7,000.

Beaton—wharf reconstruction, $20,000.

Bella Coola—scow grid and loading platform, $26,000.

Blubber Bay—wharf reconstruction, $51,000.

Bull Harbour (Hope Island)—float, $8,000.

Campbell River—fishing harbour (revote $100,000), $275,000.

Campbell River—wharf replacement (revote), $77,000.

Chemainus—harbour improvements (revote), $10,000.

Comox—wharf replacement (revote $100,000), $132,000.

Davis Bay (Wilson Creek)—breakwater and float (revote), $17,000.

Dodge Cove, Digby Island—wharf, $23,000.

Fraser river—towards improvements (revote), $605,000.

Fraser river (Kirkland Island)—replacement and extension of channel protection (revote $13,000), $200,000.

Fraser river and Vancouver harbour—dredging (revote $82,000), $525,000.

Gambier Island (Camp Georgia)—wharf (revote), $24,000.

Half Moon bay—wharf repair and improvements, $10,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken, and to authorize commitments against future years in the amount of $75,000, $425,000.

Lewes river, Yukon—towards taking over, reconstructing and maintaining dam (revote), $37,000.

Lyall Harbour—wharf repairs and improvements, $13,000.

Nanaimo—dredging (revote $60,000), $593,000.

Nanoose bay—breakwater, $88,000.

New Westminster—wharf reconstruction and improvements (revote $125,000), $176,000.

Okanagan flood control project—towards dominion government's share of cost—(revote $25,000), $500,000.

Port Alberni—dredging (revote $40,000), $85,000.

Port Alberni—harbour improvements (revote $376,000), $460,000.

Port Clements—wharf repairs (revote), $38,000.

Prince Rupert—roadway and renewal of fishermen's floats (revote), $72,000.

Prince Rupert (Fairview Bay)—breakwater (revote $75,000), $250,000.

Qualicum Beach (French Creek)—boat harbour, $75,000.

Robert's Creek—wharf repairs and improvements (revote), $54,000.

Ruskin—wharf replacement (revote), $8,000.

Sandspit—wharf renewal (revote), $75,000.

Sechelt—wharf repairs and improvements (revote), $56,000.

Shawnigan lake—wharf and floats, $15,000.

Snug Cove—floats, $8,000.

Sointula—breakwater and floats, $62,000.

Squamish—wharf repairs and improvements, $30,000.

Stewart—wharf repairs (revote), $50,000.

Tofino—harbour repairs and improvements (revote $20,000), $34,000.

Trail—landing (revote), $8,000.

Ucluelet West—improvements, $20,000.

Vananda—wharf replacement (revote), $57,000.

Victoria—dredging—(revote $121,000), $165,000.

Zeballos—wharf replacement, $124,00.

Generally—

375. Fraser river—50 per cent of cost of investigations to be carried out by the dominion-provincial board Fraser river basin, $85,00.

376. Protection works generally—to provide for remedial works where damages are caused by, or endanger, navigation or federal government structures, $500,000.

General—

377. National Gallery of Canada, $186,785.

378. Miscellaneous works not otherwise provided for, not more than $5,000 to be expended upon any one work, $300,000.

379. To supplement, on approval of treasury board except where less than $500 is required, any of the appropriations of the Department of Public Works, $300,000.

380. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1949-50, $100,000.

Architectural branch—

704. Maintenance and operation of dominion public buildings and grounds, other than at Ottawa including rents, repairs, furniture, heating, etc.—further amount required, $1,000,000.

Construction, repairs and improvements of public buildings—Newfoundland—

705. Dominion public buildings—construction, purchase, repairs and improvements, $750,000.

Generally—

706. Dominion immigration buildings—repairs, improvements, etc.—further amount required, $40,000

Engineering branch—

707. Engineering, including salaries of engineers clerks, etc.—further amount required, $255,000.

Dredging—Newfoundland—

708. Construction, repairs and improvements—harbours and rivers, $575,000

Newfoundland—

709. Harbours and rivers generally—construction repairs and improvements, $1,000,000.

855. Departmental administration—further amoun required, $4,000.

Architectural branch—

856. Branch administration—further amount required, $6,000.

Supply

857. Ottawa—maintenance and operation of dominion public buildings and grounds, including rents, repairs, furniture, heating, etc.—further amount required, $400,000.

Construction, repairs and improvements of public buildings—Nova Scotia—

858. Barrington Passage—public building, $25,000.

Dartmouth public building—addition and alterations—further amount required to complete, $42,000.

Dingwall—accommodation for customs, $9,000.

Dominion—public building—further amount required to complete, $15,000.

Halifax—eastern air command buildings—alterations, improvements and repairs—to complete (revote $45,000), $97,500.

Halifax—customs building—improvements and elevator—further amount required to complete, $15,000.

Halifax—federal building—improvements and repairs (revote $17,400), $65,000.

Halifax—postal station at north end—to complete (revote $6,000), $13,500.

Kentville public building—addition and alterations—further amount required to complete, $7,000.

Liverpool—public building, $25,000.

Pictou public building—improvements and repairs, $32,500.

Shelburne public building—improvements and repairs, $30,000.

Sydney public building—improvements and repairs, $26,000.

Truro—public building, $50,000.

Wolfville public building—improvements and repairs, $30,000.

Yarmouth—public building, $25,000.

New Brunswick—

859. Centreville customs and immigration building—addition and alterations, $8,500.

Clair—improved accommodation for customs and immigration, $25,000.

Fredericton—public building—site and preliminary work towards construction of building—further amount required, $100,000.

Sackville public building—addition and alterations—further amount required to complete, $6,000.

St. Andrews public building—addition and alterations, $25,000.

Saint John customs building—addition and alterations, $50,000.

Saint John—purchase of and alterations to building to accommodate unemployment insurance commission, $200,000.

St. Stephen—public building—further amount required, $25,000.

Sussex public building—addition and fittings—further amount required to complete, $18,000.

Prince Edward Island—

860. Charlottetown — public building — further amount required, $50,000.

Quebec—

861. Bonaventure—public building, $15,000.

Chicoutimi—public building, $50,000.

Coaticook public building—addition, alterations and improvements—to complete (revote $4,000), $8,000.

Cowansville—public building—further amount required, $25,000.

Disraeli—public building, $25,000.

Donnacona—public building—further amount required to complete, $4,500.

Granby—public building, $50,000.

Joliette — public building — addition — further amount required, $25,000.

Jonquiere—public building, $25,000.

Lachute public building—addition and alterations, $28,000.

Lacolle (Blackpool)—building for customs—further amount required, $300,000.

La Malbaie—public building—addition and alterations, $25,000.

Malartic—public building, $50,000.

Masson—public building—further amount to complete, $45,000.

Matane public building—addition, alterations and improvements—further amount required, $90,000.

Mont Joli—public building—further amount required to complete, $40,000.

Montmagny—public building—further amount required, $80,000.

Montmorency village—public building and site—further amount required, $25,000.

Montreal—customs building—alterations and improvements, $56,000.

Montreal—Longueuil postal station—addition and alterations—further amount required to complete, $15,000.

Montreal—Delorimier postal station, $25,000.

Montreal — postal terminal — addition — further amount required, $270,000.

Montreal—postal terminal—parcel storage system—to complete (revote $9,100), $25,000.

Montreal—St. Henri postal station and site—further amount required, $50,000.

Montreal—Youville postal station and site—further amount required, $50,000.

Phillipsburg—customs and immigration buildings, $25,000.

Princeville—public building, $25,000.

Quebec—marine stores building—elevator—further amount required to complete, $8,000.

Quebec—old post office building—elevators—to complete (revote $32,700), $35,000.

Roberval public building—addition and alterations, $25,000.

St. Felicien—public building—further amount required, 25,000.

St. Henri de Levis—public building, further amount required to complete, $13,000.

861. St. Jerome—public building—further amount required, $25,000.

St. Raymond public building—addition and alterations, $20,000.

Sherbrooke—public building—further amount required, $250,000.

Thetford Mines—public building—addition, alterations and repairs—further amount required to complete, $10,000.

Three Rivers—public building—addition—further amount required, $100,000.

Val d'Or—public building—further amount required to complete, $10,000.

Ontario—

862. Agincourt—public building, $17,000.

Barrie—public building—further amount required, $70,000.

Beamsville—public building, $25,000.

Bowmanville — public building — addition and alterations, $25,000.

Burlington—public building—addition and alterations, $25,000.

Chapleau—public building—further amount required to complete, $55,000.

Colborne—public building, $25,000.

Cornwall—public building—further amount required, $50,000.

Delhi—public building—further amount required to complete, $10,000.

Englehart—public building, $25,000.

Fergus—public building—addition and alterations—further amount required to complete, $65,000.

Fort William customs building—addition, alterations and improvements, $25,000.

Geraldton—public building—further amount required to complete, $18,000.

Kenora public building—addition, alterations and improvements (revote), $18,000.

Kingston—new public building, $25,000.

Little Current—public building—further amount required to complete, $38,000.

London—alterations to postal accommodation in C.N.R. station, $25,000.

Markdale—public building, $25,000.

Niagara Falls—customs building, $25,000.

North Bay public building—addition to site, $60,000.

Oshawa—public building, $25,000.

Ottawa—additions to mines and resources sites on Booth and Le Breton streets—further amount required, $300,000.

Ottawa—addition to physical metallurgy laboratory (revote $12,000), $50,000.

Ottawa—building for Department of Veterans Affairs—further amount required, $1,000,000.

Ottawa—central heating plant—addition, alterations and improvements, $50,000.

Ottawa — East Block — improvements — further amount required, $200,000.

Ottawa—mechanical shop and stores building for Department of Mines and Resources, $50,000.

Ottawa—National Research Council—improvements and repairs—to complete (revote $7,400), $13,000.

Ottawa—new supreme court building—rehabilitation, completion and furnishing—further amount required, $100,000.

Ottawa—Royal Canadian Mint—addition and alterations, $50,000.

Ottawa—storage accommodation at Uplands airport, $25,000.

Pelee island—building for Department of National Revenue—further amount required to complete, $4,000.

Port Arthur—public building and site—further amount required, $100,000.

St. Thomas—public building, $75,000.

South Porcupine—public building, $75,000.

Tecumseh—public building—further amount required, $15,000.

Terrace Bay—public building, $25,000.

Tillsonburg—public building—addition and alterations, $25,000.

Timmins—public building, $50,000.

Toronto—postal station "D"—addition and alterations, $25,000.

Toronto—postal station "B", $100,000.

Windsor—addition and alterations to Walkerville postal station, $25,000.

Manitoba—

863. Beausejour—public building—addition and alterations, $25,000.

Brandon—new public building—addition and alterations, $50,000.

Boissevain—public building—addition and alterations, $30,000.

Emerson—buildings for customs and immigration, $25,000.

Killarney—public building, $25,000.

Pine Falls—public building—further amount required to complete, $75,000.

Shoal Lake—public building, $25,000.

St. Vital—public building—addition and alterations—to complete (revote), $8,000.

Swan River—accommodation for the postal service, $25,000.

Winnipeg—postal station "F"—addition and alterations (revote $20,000), $30,000.

Winnipeg—public building and site—further amount required, $100,000.

Saskatchewan—

864. Balcarres—public building, $25,000.

Eston—public building, $25,000.

Humboldt—public building—addition and alterations, $42,000.

Ituna—public building—further amount required to complete, $15,000.

Langenburg—public building—further amount required, $15,000.

Melfort—public building—addition and alterations, $35,000.

Moose Jaw—public building—addition and alterations, $35,000.

Prince Albert—public building—addition and alterations—further amount required, $100,000.

Regina—post office building—alterations and improvements, $40,000.

Regina—purchase of and alterations to old Merchants Bank building, $75,000.

Rosetown—public building—further amount required to complete, $118,000.

Saltcoats—purchase of and alterations to building for postal purposes, $5,500.

Saskatoon—purchase, additions and alterations to London building for Department of Veterans Affairs, $175,000.

Shaunavon—purchase of and alterations to building to accommodate post office and Royal Canadian Mounted Police, $30,000.

St. Walburg—public building—further amount required to complete, $10,000.

Swift Current—public building—addition and alterations, $25,000.

Tisdale—public building—addition and alterations, $25,000.

Weyburn—public building—addition and alterations, $25,000.

Alberta—

865. Banff—public building, $25,000.

Bonnyville—public building, $25,000.

Edmonton—addition and alterations to South Edmonton postal station—further amount required to complete, $35,000.

Edmonton—postal terminal—including mail handling equipment—further amount required, $250,000.

Grande Prairie—public building, $50,000.

Leduc—public building—further amount required, $75,000.

Lethbridge—customs building, $50,000.

Lethbridge—public building—elevator, $25,000.

British Columbia—

866. Duncan—public building—addition and alterations, $27,000.

Langley Prairie—public building—further amount required to complete, $10,000.

New Westminster—public building—addition, alterations and improvements, $100,000.

North Vancouver—postal station—further amount required to complete, $25,000.

Ocean Falls—public building—further amount required to complete, $48,000.

Pacific Highway—customs building, $25,000.

Penticton—public building—addition and alterations, $45,000.

Prince George—public building—addition and alterations, $25,000.

Smithers—public building—further amount required, $25,000.

Vancouver—Begg building—purchase, alterations and extension—further amount required to complete, $200,000.

Vancouver—post office building and site—further amount required, $550,000.

Vanderhoof—accommodation for government telegraph service, $6,000.

Victoria astrophysical observatory—repairs, alteration and improvements—to complete (revote), $10,000.

Yukon and Northwest Territories—

867. White Horse—public building, $50,000.

Yellowknife—public building, $50,000.

Generally—

868. Dominion quarantine stations—maintenance and repairs, further amount required, $30,000.

869. Experimental farms and science laboratories —replacements, repairs and improvements to buildings—further amount required, $100,000.

870. National printing bureau—further amount required, $1,000,000.

Engineering branch—

871. Engineering, including salaries of engineers, clerks, etc.—further amount required, $53,500.

Dredging—

872. Maritime provinces—further amount required, $109,120.

873. To provide for payment to Canadian National Railways in full and final settlement for all damages arising from the accident which occurred in May, 1946, at Yarmouth, N.S., when unloading public works pontoons, $22,284.

874. Ontario and Quebec—further amount required, $11,700.

875. British Columbia and Yukon—further amount required, $95,020.

Maintenance and operation of graving docks, locks and dams, etc.—

876. Locks and dams—further amount required, $14,000.

877. Snagboats—further amount required, $18,360.

Maintenance and operation of roads and bridges—

878. Towards international bridge over the St. Croix river between St. Stephen, N.B., and Calais, Me., the state of Maine to pay a like amount (revote), $10,000.

879. Generally—further amount required, $31,000.

Construction, repairs and improvements—harbours and rivers—

Nova Scotia—

880. Auld's Cove—towards wharf replacement, $15,000.

Brule—wharf extension, $13,000.

Cape John—breakwater—further amount required to complete (revote), $20,000.

Cheticamp Beach—quay wall (revote), $11,500.

Cow Bay (Port Morien)—breakwater reconstruction and dredging—further amount required to complete, $20,000.

Eastern Passage—towards breakwater repairs and extension, $20,000.

East Port Le Hebert—icebreak, $13,000.

Hall's Harbour—wharf, $10,000.

Lunenburg—towards dredging, $75,000.

McDonald's Cove—breakwater extension—further amount required to complete, $15,000.

New Glasgow—wharf repairs—further amount required to complete (revote), $35,000.

New Harbour—breakwater, $17,000.

New Haven—breakwater repairs and improvements, $25,000.

Port Joli—wharf repairs and pier, $14,000.

Tittle Channel—towards dredging, $15,000.

Upper Blandford—breakwater, $58,000.

Prince Edward Island—

881. Canoe Cove—breakwater repairs—further amount required to complete, $10,000.

Harbours and rivers generally—for maintenance of services, no new works to be undertaken—further amount required, $10,000.

Launching Pond—boat harbour—further amount required to complete, $12,000.

Skinner's Pond—towards boat harbour, $50,000.

Souris—breakwater repairs—further amount required to complete, $12,000.

Summerside—to take over and reconstruct Holman's wharf—further amount required (revote $4,000), $5,000.

Wood Islands—harbour improvements—further amount required to complete, $5,000.

New Brunswick—

882. Chockfish—repairs to breakwaters, $26,000.

Escuminac—towards breakwater, $25,000.

Ingalls Head—towards icebreak, $10,000.

Maisonnette—towards wharf replacement, $10,000.

Point Sapin—towards breakwater extension, $20,000.

Richardson—wharf reconstruction, $25,000.

Saint John (Courtenay bay)—towards redredging, $250,000.

Stonehaven—breakwater repairs and improvements—further amount required to complete, $11,000.

White Head—towards wharf extension, $15,000.

Quebec—

883. Bagotville—wharf reconstruction—to complete payments (revote), $33,000.

Baie Comeau—wharf improvements—further amount required to complete, $230,000.

Baie des Sables—wharf extension—further amount required to complete, $11,000.

Baie St. Paul—towards harbour improvements, $50,000.

Bell River (portage 35)—wharf, $5,500.

Blanc Sablon—wharf—further amount required to complete, $25,000.

Grande Riviere—reconstruction of harbour works and dredging—further amount required, $35,000.

Grande Vallee—deep water wharf—further amount required to complete, $120,000.

L'Anse du Ruisseau—harbour improvements, $6,700.

La Tabatiere—wharf extension—further amount required to complete, $20,000.

Les Escoumains—wharf repairs—to complete (revote), $7,000.

Miguasha—towards improvements to wharf and breakwater, $30,000.

Mont Louis—towards wharf extension, $50,000.

Newport (Riviere des Ilots)—towards replacing fishing harbour, $75,000.

Papineauville (Pentecost bay)—improvements (revote $8,500), $28,500.

Paspebiac—harbour repairs and improvements—further amount required, $50,000.

Petit Gaspe—wharf extension—further amount required to complete, $17,000.

Pointe au Pere—wharf repairs—further amount required to complete, $16,000.

Port Daniel—fishing harbour—further amount required to complete, $10,000.

Quebec—to complete payments on intercepting sewer (revote), $56,400.

St. Joachim de Tourelle—landing pier, $6,500.

St. Simon Est—wharf extension, $24,000.

Taschereau—wharf, $9,500.

Ontario—

884. Belle River—reconstruction of training wall, $19,000.

Elsas—wharf, $7,000.

Fort William—dredging—further amount required to complete, $116,000.

French River—water control improvements—the province of Ontario to pay half the cost, $182,000.

Gogama (Lac Minisinakwa)—wharf, $6,500.

Grand River conservation scheme—contribution towards the cost of preliminary plans, test drilling, etc., in connection with the proposed Luther Marsh dam, $3,000.

Hamilton—harbour improvements—further amount required, $425,000.

Killarney—wharf and warehouse, $19,000.

Little Current—towards dredging channel, $100,000.

Midland to Parry Sound—dredging inside channel —further amount required to complete contract, $22,000.

Montreal River (Mowatt's Landing)—wharf replacement, $20,000.

Oshawa—redredging—further amount required to complete, $10,000.

Owen Sound—towards harbour wall, $100,000.

Port Arthur—breakwater—further amount required, $530,000.

Port Credit—harbour improvements, $152,000.

Port Stanley—pier reconstruction—further amount required to complete, $40,000.

Salmon Point (East lake outlet)—breakwater and dredging, $90,000.

Sandfield—wharf, $8,000.

Sarnia—pier extension and mooring clusters, $28,600.

Thornbury—towards reconstruction of pier, $50,000.

Toronto—harbour improvements—further amount required to complete, $275,000.

Vermilion Bay—wharf, $12,000.

Wikwemikong—wharf, $7,000.

Manitoba—

885. Assiniboine river—diking and cut off—further amount required, $38,000.

Grassy Narrows (Hecla island)—wharves, $12,000.

Rabbit Point—wharf, $24,000.

Saskatchewan, Alberta and Northwest Territories—

886. Cold Lake,Alberta—harbour improvements—further amount required to complete, $37,000.

Dore Lake, Saskatchewan—wharf, $11,000.

Fort Franklin, Northwest Territories—wharf repairs and extension—further amount required to complete, $7,000.

Waskesiu Lake, Saskatchewan—harbour improvements—further amount required to complete, $13,000.

Waterways, Alberta—reconstruction of wing dams —further amount required, $27,000.

British Columbia and Yukon—

887. Alice Arm—wharf reconstruction, $32,000.

Allison Harbour—float and shed, $11,000.

Crescent—wharf, $11,000.

Fraser lake—wharf reconstruction, $23,000.

Fraser river—towards improvements—further amount required, $652,000.

Fraser river and Vancouver harbour—dredging—further amount required, $123,000.

Fraser river (Kirkland island)—replacement and extension of channel protection—further amount required, $35,000.

Gambier Island (Camp Georgia)—wharf—further amount required to complete, $26,000.

Ganges—towards harbour repairs and improvements, $25,000,

Gibson's Landing—wharf improvements, $15,000.

Gibson's Landing—dredging (revote $17,000), $22,000.

Half Moon Bay—wharf repairs and improvements —further amount required to complete, $20,000.

Harrison Hot Springs—float and approach, $13,000.

Horseshoe Bay—wharf improvements, $16,000.

Kamloops—wharves, $14,000.

Keat's Island—pierhead replacement (revote ($12,000), $15,000.

Madeira Park (Pender harbour)—floats, $7.000.

Minstrel Island—wharf repairs and improvements, $15,000.

Nanaimo—wharf repairs and improvements—to complete, $6,000.

Nelson—floating wharf, $15,000.

Phipps Point—(Hornby island)—wharf improvements, $25,000.

Port Alberni—dredging—further amount required, $35,000.

Port Clements—wharf repairs—further amount required to complete, $8,000.

Port Renfrew—towards wharf reconstruction, $25,000.

Redonda Bay—float and approach, $22,000.

Robert's Creek—wharf repairs and improvements —further amount required to complete, $17,000.

Robert's Creek—towards harbour improvements, $100,000.

Sechelt—wharf repairs and improvements—further amount required to complete, $15,000.

Squamish—towards assembly wharf, $100,000.

Steveston—towards fishing harbour, $25,000.

Stewart—wharf repairs—further amount required to complete, $14,000.

Sturdies Bay (Galiano island)—wharf extension, $18,000.

Victoria—dredging—further amount required, $55,000.

William Head quarantine station—breakwater repairs, $22,000.

General—

888. To provide for balances required to complete any projects undertaken in previous fiscal years and for which no specific provision is made in the fiscal year 1949-50—further amount required, $50,000.

PRIME MINISTER'S OFFICE

314. Salaries of staff and allowances, $115,065.

Privy council office—

315. General administration, $151,485.

Federal district commission —

316. Maintenance and improvement of grounds adjoining government buildings, Ottawa, and improvements to the parkway system under the control of the federal district commission, $270,500.

317. Expenses of the national capital planning committee, $100,000.

318. To authorize payment of the second instalment to a special account in the consolidated revenue fund, known as the national capital fund, established under vote No. 809, Appropriation Act, No. 4, 1947-48, $2,500,000.

Privy Council Office—

850. General administration—further amount required, $3,000.

851. To provide for expenses of the royal commission on national development in the arts, letters and sciences, $93,525.

DEPARTMENT OF FINANCE

Auditor general's office—

48. Salaries and expenses of office, $550,081.

71. Departmental administration, $1,326,285.

72. Bank inspection (Inspector General of Banks' office), $27,920.

73. Royal Canadian Mint, including Canada's assay office, Vancouver, B.C., $1,065,000.

Superannuation and retirement benefits—

74. Superannuation and retirement acts, administration, $200,402.

75. Government's contribution to the superannuation fund, $5,100,000.

Public debt charges—

76. Commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc., $386,400.

Miscellaneous grants and contributions—

77. Canadian General Council of Boy Scouts, $15,000.

78. Canadian Council of the Girl Guides Association, $9,000.

79. Royal Astronomical Society of Canada, $2,000.

80. Royal Canadian Academy of Arts, $2,025.

81. Canadian Writers Foundation, $4,000.

82. Grant toward expenses of the empire press union conference to be held in Ottawa in 1950, $65,000.

General—

83. To provide for expenses of the tariff board, $98,840.

84. To provide for the expenses of the comptroller of the treasury's office, $10,459,000.

85. Farmers' Creditors Arrangement Act, 1943, and Municipal Improvements Assistance Act, 1938, administration, $39,631.

86. The Farm Improvement Loans Act, 1944, and The Veterans' Business and Professional Loans Act, 1946—administration, $52,795.

87. Foreign exchange control board—administration, $252,700.

88. Telephone service at Ottawa, $415,000.

89. To provide, subject to the approval of the treasury board for salaries, reclassifications, increases and other pay list items, $20,000,000.

90. Unforeseen expenses, expenditure thereof to be subject to approval of the treasury board and a detailed statement to be laid before parliament within fifteen days of next session, $80,000.

91. To provide for the government's contribution, as an employer, to the unemployment insurance fund in respect of government employees paid through the central pay office, $950,000.

Demobilization and reconversion—

Wartime prices and trade board—

92. Administration, $2,986,825.

93. Commodity prices stabilization corporation, $5,000,000.

94. Advances to the Canadian wheat board for payments in respect of flour or food containing wheat for human consumption in Canada, $6,000,000.

Employees plan—

95. For purchase of Canada savings bonds—administration, $89,710.

96. To provide, subject to the approval of the treasury board, for replacement of bonds lost in mails and for reimbursement of accounts incorrectly charged with repayments, $2,500.

97. To provide for expenses of the cabinet committee on dominion-provincial relations, $30,000.

98. To provide for the payment of premiums on government of Canada sterling securities, $10,000.

99. To provide, subject to the approval of the treasury board, for miscellaneous losses arising from the sale or distribution of war savings stamps, war savings certificates, victory bonds or Canada savings bonds, $3,000.

100. To provide, subject to the approval of the treasury board, for miscellaneous and unforeseen expenses and for the temporary provision of recoverable advances for working capital purposes and for the readvancing of any such advances repaid, $1,000,000.

Governor General and Lieutenant-Governors—

118. Office of the secretary to the governor general, including the salary of the secretary to the governor general at $7,600 additional to salary authorized by R.S.C. chap. 182, $114,905.

Insurance—

119. Departmental administration, $271,834.

120. Expenses of work in the interests of fire prevention, $21,285.

Superannuation and retirement benefits—

669. Government's contribution to the superannuation fund—further amount required, $300,000.

Public debt charges—servicing of public debt—

670. Commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc.—further amount required, $10,800.

Subsidies and special compensation to provinces—subsidies to provinces—special compensation to provinces—

671. To authorize payments hereafter required to be made under an agreement entered into between the government of Canada and the government of the province of Newfoundland pursuant to term 27 of the terms of union of Newfoundland with Canada, estimated amount required for fiscal year 1949-50, $4,845,000.

General—

672. To provide for the expenses of the comptroller of the treasury's office—further amount required, $103,000.

673. To authorize and provide for payment in such amount as may be necessary in respect to those matters supplementary to the terms of union of Newfoundland with Canada, specified in paragraph XXIII of the note dated December 11, 1948, of the prime minister of Canada to the chairman of the Newfoundland delegation, entitled "statements on questions raised by the Newfoundland delegation during the negotiations for the union of Newfoundland with Canada", tabled in the House of Commons on the 27th day of January, 1949, $5,500,000.

Superannuation and retirement benefits——

780. Superannuation acts, administration—further amount required, $7,645.

Public debt charges—

781. Servicing of public debt—commission for payment of interest on public debt, services of fiscal agents, London, registrar's fees, etc.—further amount required, $50,000.

Miscellaneous grants and contributions—

782. Contribution towards the expenses of the Halifax bicentenary celebrations, $50,000.

General—

783. To provide for final expenses of the commission appointed under part I of the Inquiries Act to inquire into prices and related subjects, as recommended by the special committee on prices, including authority, notwithstanding section 17 of the Civil Service Act, to pay honoraria in a total amount not exceeding $3,600 to permanent civil servants who did special work for the commission, subject to the approval of the civil service commission and the treasury board, $18,000.

Comptroller of the treasury—

784. To provide for the expenses of the Comptroller of the Treasury's office—further amount required, $50,000.

785. To authorize payment to Norman Bell of compensation at the rate of $18 per week in respect of injuries received while employed in the overseas office of the Comptroller of the Treasury, $936.

Insurance—

791. Expenses of work in the interests of fire prevention—further amount required, $2,900.

Federal district commission—

852. Maintenance and improvement of grounds adjoining government buildings, Ottawa, and improvements to the parkway system under the control of the federal district commission—further amount required, $34,000.

Grants to municipalities in lieu of taxes on federal property—

938. To provide for administration of the program respecting grants to municipalities in lieu

of taxes on crown property outlined in the House of Commons on November 14, 1949, including initial grants and other payments to be made in accordance with regulations of the governor in council, $300,000.

939. To confirm and to authorize the doing by His Majesty during the period from July 1 to December 31, 1949, of acts and things that were required to be done by him in accordance with the agreement between His Majesty and the corporation of the city of Ottawa (entered into under the authority of chapter 27 of the statutes of 1945) which expired on June 30, 1949, as if the agreement were in effect to December 31, 1949 and for that purpose to authorize payment of the sum of two hundred and fifty thousand dollars as if it were the amount payable for that period under clause one of the agreement; the payment to be made on or before December 31, 1949, upon delivery to His Majesty by that corporation of a release of all claims in respect of services rendered by the corporation to His Majesty to and including December 31, 1949, if the minister of public works is satisfied that the said corporation has done all acts and things that it would have been required to do had the said agreement been in effect to December 31, 1949, $250,000.

DEPARTMENT OF VETERANS AFFAIRS

Demobilization and reconversion—

551. Post discharge rehabilitation benefits including out of work allowances, university and vocational training including the training of merchant seamen and salt water fishermen pensioners, awaiting returns allowances, temporarily incapacitated allowances and unemployment insurance contributions, $28,850,000.

552. Hospital accommodation and facilities, and to authorize commitments against future years in the amount of $7,387,835, $5,309,662.

553. Campaign stars and medals, including cost of distribution, $2,026,000.

554. To provide for payment to the Netherlands government of that amount by which war service gratuities paid at Canadian rates by the Netherlands government from January 22, 1946, to the end of July, 1946, to Dutch war veterans domiciled in Canada prior to enlistment exceeded the amount that would have been paid to these veterans had the gratuities been computed at the normal rates applicable in the Netherlands, $150,000.

731. District administration—further amount required, $41,800.

732. Veterans' welfare services—further amount required, $67,260.

733. Treatment services—further amount required, $458,475.

734. Canadian pension commission—administration expenses—further amount required, $68,500.

735. Veterans bureau—further amount required, $11,470.

736. War veterans' allowance board—administration—further amount required, $5,750.

Payments to or for veterans and dependents—

737. Pensions for disability and death, including pensions granted under the authority of the civilian government employees (war) compensation order P.C. 45/8848 of 22nd November 1944, which shall be subject to the Pension Act—further amount required, $925,000.

738. To authorize and provide for the continuation of payments by the Canadian pension commission, as from the date of union of certain Newfoundland awards arising out of world wars I and II which are not payable under the Pension Act or the Civilian War Pensions and Allowances Act, $75,000.

739. War veterans' allowances—further amount required, $150,000.

740. Hospital and other allowances—further amount required, $90,000.

Soldier Settlement and Veterans' Land Act—

741. To provide for the cost of administration of Veterans' Land Act; Soldier Settlement and British family settlement—further amount required, $59,600.

742. To provide for the upkeep of property, Veterans' Land Act, including engineering and other investigational planning expenses that do not add tangible value to real property; taxes, insurance and maintenance of public utilities—further amount required, $3,000.

743. To provide for the payment of grants to veterans settled on provincial lands in accordance with agreements with provincial governments under section 35 of the Veterans' Land Act, 1942 (as amended by order in council P.C. 2122, dated 13th April, 1945), and payment of grants to veterans settled on dominion lands, in accordance with an agreement with the Minister of Mines and Resources under section 35 of the Veterans' Land Act, 1942, as amended (P.C. 1550 of 18th April, 1946)—further amount required, $464,000.

Demobilization and reconversion—

744. Post discharge rehabilitation benefits—further amount required, $150,000.

Loans and investments—veterans affairs—Soldier Settlement and Veterans' Land Act—

745. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; refund of surplus to veterans (section 19); and for protection of security under the Veterans' Land Act—further amount required, $560,000.

Veterans Affairs—Soldier Settlement and Veterans' Land Act—

561. To provide for protection of security—soldier settlement, and refunds of surplus to veterans, $55,000.

562. To provide for purchase of land and permanent improvements; cost of permanent improvements to be effected; removal of encumbrances; stock and equipment; refund of surplus to veterans (section 19); and for protection of security under the Veterans' Land Act, $27,440,000.

927. Prosthetic services—further amount required, $124,500.

928. Veterans bureau—further amount required, $3,500.

929. War veterans' allowance board—administration—further amount required, $11,000.

Soldier Settlement and Veterans' Land Act—

930. To authorize and provide for necessary remedial work, to be approved by the governor in council, on houses constructed on properties sold under the Veterans Land Act, under individual firm price contracts, to correct defects for which neither the veteran nor the contractor can be held financially responsible, $30,000.

931. To authorize and provide, subject to the approval of the governor in council in each case, for the completion of necessary remedial work to houses and services constructed under the 1945 building program, $110,000.

Demobilization and reconversion—

932. Hospital accommodation and facilities—further amount required, $250,356.

Veterans Affairs—Soldier Settlement and Veterans' Land Act—

937. To provide for protection of security—soldier settlement, and refunds of surplus to veterans—further amount required, $40,000.

LEGISLATION

The Senate—

160. The Speaker of the Senate—allowance in lieu of residence, $3,000.

Members of the Senate—

161. General administration, $306,617.

House of Commons—

162. The Speaker of the House of Commons—allowance in lieu of residence, $3,000.

163. Deputy Speaker of the House of Commons—allowance in lieu of apartments, $1,500.

164. Members of the House of Commons—general administration—estimates of the Clerk, $800,730.

165. Estimates of the Sergeant-at-Arms, $475,690.

166. Subscriptions to publications of the commonwealth parliamentary association to be distributed to members of the House of Commons, and to provide for the Canadian share of expenses of the commonwealth parliamentary association, $10,000.

167. To provide hereby, notwithstanding anything contained in the Consolidated Revenue and Audit Act or the provisions of the Senate and House of Commons Act respecting the independence of parliament, for payment out of the consolidated revenue fund to each member of the House of Commons appointed by the governor in council to be a parliamentary assistant (which appointment shall not render such member ineligible or disqualify him as a member of the House of Commons) to assist a minister of the crown in such manner and to such extent as the minister may determine and to represent his department in the House of Commons in the absence of the minister therefrom, a salary of four thousand dollars per annum and pro rata for any period less than a year, $56,000.

168. To provide for an annual allowance to the deputy chairman of committees, $2,000.

General—

169. Printing of parliament, including salaries of staff of the joint distribution office, $265,428.

Library of parliament—

170. General administration, $125,348.

Pensions and other benefits—

171. Pension to the unmarried sister of the late Colonel Harry Baker, M.P., $700.

The Senate—

799. To provide for the payment of the full sessional indemnity for the first session of 1949 to members of the Senate for days lost through absence caused by public business, by illness, or on account of death. Payments to be made as the treasury board may direct, $5,000.

800. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the Senate who attended the first part of the first session of 1949, which commenced on January 26, 1949, and ended on April 8, 1949, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on April 8, 1949, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during that session, $5,000.

House of Commons—

801. To provide for the full sessional indemnity to members of the House of Commons—days lost through absence caused by illness, official business, or order of the house, or on account of death during the first session of 1949—notwithstanding anything to the contrary in chapter 147 of the Revised Statutes, 1927, an act respecting the Senate and House of Commons, or any amendment thereto. Payments to be made as the treasury board may direct, $9,475.

802. To provide, notwithstanding anything contained in the Senate and House of Commons Act, for the payment to each member of the House of Commons who attended the first part of the first session of 1949, which commenced on January 26, 1949, and ended on April 8, 1949, of an amount representing the actual transportation and living expenses of such member while on the journey between Ottawa and his place of residence after the Easter adjournment of parliament on April 8, 1949, and on the return journey from his place of residence to Ottawa at the end of the recess which commenced on that date, or at any other one time during the session, $15,500.

DEPARTMENT OF MINES AND RESOURCES

Education—

230. Indian education, and to authorize commitments against future years in the amount of $200,000, $4,157,433.

231. Grants to residential schools, $2,470,017.

232. Grant to provide additional services to Indians of British Columbia, $100,000.

233. Fur conservation—formerly included under special estimates, $351,795.

Immigration branch—

234. Administration of the Immigration Act, $646,775.

235. Field and inspectional service, Canada, $3,161,812.

236. Field and inspectional service, abroad, $1,307,416.

Demobilization and reconversion—mines, forests and scientific services branch—

237. Payments to Royal Canadian Air Force and commercial companies for air photography, and to defray the expenses of the interdepartmental committee on air surveys, $1,240,000.

238. Construction and equipment of an extension to the metallurgical laboratories, Booth street, Ottawa, including consulting, engineering and design fees, $80,000.

Immigration branch—

689. Field and inspectional service, Canada—further amount required, $136,040.

Demobilization and reconversion—mines, forests and scientific services branch—

690. Payments to Royal Canadian Air Force and commercial companies for air photography, and to defray the expenses of the interdepartmental committee on air surveys—further amount required, $100,000.

Education—

823. Indian education—further amount required, $585,467.

824. Grants to residential schools—further amount required, $150,000.

Immigration branch—

825. Administration of the Immigration Act—further amount required, $21,000.

826. Field and inspectional service, Canada—further amount required, $226,000.

Supply

DEPARTMENT OF JUSTICE

A—Department—

121. Departmental administration, $256,281.

122. Remission service, including remuneration to members of the Royal Canadian Mounted Police force (to be expended under order in council, and not to exceed $1,600) for assistance to this service, and an amount of $17,100 to reimburse the Royal Canadian Mounted Police force the amounts disbursed by them in ordinary pay and allowances to their men on loan to this service, $109,347.

123. Administration of justice—miscellaneous expenditure, $10,000.

124. Expenses of litigated matters, $25,000.

125. Annual contribution to the Canadian law library, London, England, $750.

126. Administration, $104,372.

127. Administration, $76,155.

128. Yukon territorial court—administration, $5,000.

129. Payments or gratuities to the widows or other dependents of judges who die while in office, $15,000.

130. Combines investigation branch, $199,200.

131. Bankruptcy Act administration, $38,346.

General—

132. To provide for the revision, classification and consolidation of the public general statutes of Canada, $75,000.

133. To provide for the revision of the Criminal Code, $50,000.

134. To provide for expenses in connection with espionage prosecutions, $35,000.

Demobilization and reconversion—

135. To provide for expenses of commission of inquiry into Japanese property claims, $65,000.

136. To provide for expenses in connection with prize courts, $2,000.

B—Penitentiaries—office of the commissioner of penitentiaries—

137. Administration of the office of the commissioner of penitentiaries, including $25,000 for grants to recognized prisoners' aid societies, as may be approved by the governor in council, $227,926.

138. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and livestock; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries, $6,107,490.

139. To provide for the construction, by contract, of a power plant at Collin's Bay penitentiary, Ontario, $315,000.

140. To provide for the acquisition and development of property for the establishment of a new penal institution in the province of Quebec, $200,000.

Pensions and other benefits—

141. William Tatton, $564.

Royal Canadian Mounted Police—

392. General administration, $297,007.

393. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $13,647,074.

394. Marine services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $1,331,070.

395. Aviation services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses, $189,677.

396. Grant to the chief constables' association of Canada, $500.

Pensions and other benefits—

397. To compensate members of the Royal Canadian Mounted Police for injuries received in the performance of duty, $36,000.

398. Pensions to families of members of the Mounted Police who have lost their lives while on duty:—

Mrs. Mary Emma Bossange, $457.
Mrs. Margaret Johnson Brooke, $840.
Mrs. Margaret Cox, $411.
Mrs. Victoria Desjardins, $411.
Mrs. Georgina Harrison, $677.
Mrs. Letitia Kennedy, $424.
Mrs. Nora Jean Massan, $300.
Mrs. Margaret Nicholson, $548.
Mrs. Catherine Mildred Ralls, $676.
Mrs. Doris Freda Sampson, $816.
Mrs. Madelaine Mary Shoebotham, $810.
Mrs. Eunice Wainwright, $603.

399. Pension to Basil Burke Currie, $685.

400. Pension to Annie A. Greer, $254.

710. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—further amount required, $344,825.

A—Department—

792. Supreme Court of Canada—administration—further amount required, $9,000.

793. Combines investigation branch — further amount required, $9,000.

B—Penitentiaries—

Office of the Commissioner of Penitentiaries—

794. Operation and maintenance of penitentiaries, including administration, construction, purchase of land, supplies, equipment and livestock; maintenance, discharge and transfer of convicts; compensation to discharged convicts permanently disabled while in penitentiaries—further amount required, $428,000.

Royal Canadian Mounted Police—

894. General administration—further amount required, $5,200.

895. Land services—arising out of the Royal Canadian Mounted Police Act, enforcement of federal statutes generally, and other incidental expenses—further amount required, $894,046.

Appendix

BRITISH NORTH AMERICA ACT—PROCEDURE IN AMENDMENTS

FURTHER CORRESPONDENCE WITH PREMIERS OF PROVINCES

OFFICE OF THE PRIME MINISTER
Province of Quebec

Quebec, November 9, 1949

Right Hon. Louis S. St. Laurent,
Prime Minister of Canada,
Ottawa.

Mr. Prime Minister:

The members of the executive council of the province have learned from your letter of November 7, which was delivered to my office yesterday afternoon, that the opening session of the dominion-provincial conference which "will consider means to amend the constitution of Canada" will be held in Ottawa on the 10th of January, 1950, at 10.30 a.m.

I presume that the precise place where the sessions of the conference will take place will be determined in the near future.

Yours sincerely,

M. L. Duplessis

OFFICE OF THE PRIME MINISTER
Canada

Ottawa, November 15, 1949

Hon. Maurice Duplessis, M.L.A.,
Premier of Quebec,
Quebec, Que.

My dear Premier:

I duly received your letter of the 9th instant inquiring as to the exact place where the sittings of the proposed constitutional conference would be held. The government will arrange to hold the opening meeting in the centre block of the parliament buildings, and all the premiers will be advised in advance of the precise room and other arrangements.

Yours sincerely,

Louis S. St. Laurent

PREMIER'S OFFICE
Saskatchewan

Regina, November 29, 1949

Right Hon. L. S. St. Laurent,
Prime Minister of Canada,
Ottawa, Ont.

My dear Prime Minister:

Thank you for your recent letter confirming the January 10 date for the dominion-provincial conference to consider a method of amending the constitution of Canada. It is felt here that different techniques may be required for different matters. If this be so, it would be difficult to consider the question of amendment in a general way. I would therefore be very much obliged if you could send me the proposed agenda. I am certain you will understand the difficulty with which we are faced in trying to do preparatory work before knowing what items are coming up for discussion and what the method of procedure will be. I note, too, that a preliminary meeting of constitutional experts, in advance of the main conference, is not to be held. This fact necessitates our having a proposed agenda as soon as possible.

Trusting you will be able to assist us by forwarding an agenda to us at your earliest convenience, I remain,

Yours sincerely,

T. C. Douglas

OFFICE OF THE PRIME MINISTER AND
PRESIDENT OF THE COUNCIL
Ontario

Toronto, December 8, 1949

Right Hon. Louis St. Laurent, K.C.,
Prime Minister of Canada,
Ottawa, Canada.

My dear Mr. Prime Minister:

I have your letter of the 7th instant.

My feeling is that the reduction of the subject matter of the conference opening January 10 to an agenda of procedure is not necessary. I think better progress will be made if the question of procedure in the conference is left until the conference itself convenes. These matters can then be considered and settled. If in the meantime any of the other provinces have suggestions to make in this regard, I should be glad indeed if you would advise me. My feeling at the moment is that a formal agenda is not necessary.

Concerning your proposal that a general provincial conference should be held early in the autumn of 1950, possibly in September or October, I am in agreement. In this case the situation is quite different and there are many matters which the various provinces will probably be anxious to have discussed. In this case an agenda of subject matters should be prepared in advance, although I believe as much of the procedure as possible should be left to the conference itself. I shall be glad to discuss this matter with you at any time.

Yours very truly,

Leslie M. Frost

END OF SESSION